



Department  
for Work &  
Pensions



# Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

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September 2017

## Research Report No 947

A report of research carried out by IFF Research, London on behalf of the Department for Work and Pensions

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# Summary

The Fraud and Error Reduction Incentive Scheme (FERIS) was a scheme designed to encourage local authorities (LAs) in England, Scotland and Wales to identify and reduce fraud and error in Housing Benefit (HB) claims in their area.

This research explores how the first phase of FERIS (which ran from December 2014 to March 2016 and is referred to as FERIS1) worked in practice and LAs' views of the effects of this scheme on reducing fraud and error in their area. The findings have been used to inform the development of further phases of FERIS, and its successor scheme, the Right Benefit Initiative.

The research consisted of three elements:

- An online survey of LAs and shared services (February to March 2016).
- Five case studies at selected LAs, shared services and outsourcing contractors (March to April 2016).
- Six round table discussion events, including LAs, shared services and outsourcing contractors (June to July 2016).

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# The Authors

**Lorna Adams**, Director, IFF Research

**Matt Barnes**, Director, IFF Research

**Peter Hall**, Senior Research Manager, IFF Research

**Sam Morris**, Research Manager, IFF Research

**Jeffy Henderson**, Research Executive, IFF Research



# List of abbreviations

<b>DWP</b>	Department for Work and Pensions
<b>FERIS</b>	Fraud and Error Reduction Incentive Scheme
<b>FERIS1</b>	The first iteration of the Fraud and Error Reduction Incentive Scheme, running from December 2014 to March 2016
<b>HB</b>	Housing Benefit
<b>HBMS</b>	Housing Benefit Matching Service
<b>HMRC</b>	Her Majesty's Revenue and Customs
<b>NAO</b>	National Audit Office
<b>ONS</b>	Office for National Statistics
<b>PIF</b>	Performance Improvement Fund
<b>RBV</b>	Risk Based Verification
<b>RBI</b>	Right Benefit Initiative
<b>RTI</b>	Real Time Information
<b>SFIS</b>	Single Fraud Investigation Service
<b>SHBE</b>	Single Housing Benefit Extract
<b>UC</b>	Universal Credit

# Glossary of terms

<b>Council Tax Reduction (CTR)</b>	A means-tested reduction made to Council Tax, administered by local authorities.
<b>Fraud and Error Reduction Incentive Scheme (FERIS)</b>	A scheme designed to encourage local authorities in England, Scotland and Wales to reduce fraud and error in Housing Benefit claims in their area.
<b>FERIS1 Activities</b>	This report uses the term ‘activities’ to refer to all work that local authorities undertook that was motivated by FERIS1, either because it was funded by the Performance Improvement Fund (PIF) grant funds, or because local authorities engaged in it with the aim of trying to secure incentive payments.
<b>FERIS1 Projects</b>	This report uses the term ‘projects’ to refer just to work that received funding from the PIF grant funds. Some local authorities ran more than one FERIS1 project.
<b>Housing Benefit (HB)</b>	Housing Benefit is a means-tested benefit, paid to people with a low income who pay rent, regardless of whether they are in or out of work.
<b>Housing Benefit Matching Service (HBMS)</b>	A DWP national data matching service for finding fraud and error in Housing Benefit.
<b>Performance Improvement Fund (PIF)</b>	A set of three grant funds made available to local authorities as part of FERIS.
<b>Real Time Information (RTI)</b>	A system administered by Her Majesty’s Revenue & Customs (HMRC) that captures information in real time on the payments made by employers and pension providers to individuals. Matching this information to information reported by claimants of DWP benefits allows the Department to identify benefit overpayments due to an incorrect level of income being reported on the benefit claim.
<b>Right Benefit Initiative (RBI)</b>	Replaced FERIS for 2017/18, and commenced April 2017.
<b>Risk Based Verification (RBV)</b>	A process for vetting new Housing Benefit claims as they are submitted, which uses the likelihood of fraud or error in particular types of claim to avoid carrying out a full check of all details of every claim.
<b>Shared Service</b>	An initiative whereby one local authority shares a department or team with another.

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<b>Single Fraud Investigation Service (SFIS)</b>	A single integrated fraud investigation service with statutory powers to investigate and sanction all benefits and tax credits including Housing Benefit offences which combine relevant resources across local authorities, HMRC, and DWP.
<b>Single Housing Benefit Extract (SHBE)</b>	A monthly electronic scan of claimant level data direct from the LAs' computer systems.
<b>Two-tier district authority</b>	A type of local authority dealing with a subset of local authority functions (including Housing Benefit) in a defined geographical area, with some other functions being dealt with by a separate county council. This is described as a two-tier local authority area.
<b>Unitary authority</b>	A type of local authority dealing with all local government functions in a defined geographical area.
<b>Universal Credit</b>	A national benefit for people on a low income or out of work. Replaces Housing Benefit and a wide range of other work-related benefits with a single universal payment, to be administered online in most cases.

# Executive summary

## Overview

This summary outlines key findings from research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS), which ran from December 2014 to March 2016 and is referred to as FERIS1. The scheme consisted of two main elements:

- A Performance Improvement Fund (PIF), which issued grants to local authorities (LAs) to help them tackle fraud and error.
- FERIS incentive payments, awarded to LAs opting in to the scheme, and based on the extent to which they had reached or exceeded a minimum fraud and error performance threshold.

Together, the funds and incentive payments were intended to supply an additional incentive to tackle fraud and error in Housing Benefit (HB), and to provide LAs with the initial means to do so. The research involved an online survey of 233 LAs; five LA case studies; and six round table events held across England, Scotland and Wales. The research findings cover:

- The process of applying to and implementing FERIS1.
- The types of activities FERIS1 supported.
- The perceived impacts of FERIS1 on levels of fraud and error in HB.

In addition, the case studies and round table events captured local learning on activities supported by FERIS1. This is summarised separately in *Appendix C Local lessons from FERIS supported activity*.

## Key findings

**Local authority perceptions indicate that FERIS1 had a positive impact on fraud and error in HB.**

- More than half (57 per cent) of LAs that introduced or expanded activity as a result of FERIS1 felt that there had been a slight (42 per cent) or substantial (15 per cent) improvement on fraud and error in HB locally.
- However, around a quarter (27 per cent) of those LAs were uncertain whether work carried out under FERIS1 had an impact locally. A further 17 per cent felt that there had been no improvement at all.

**FERIS1 led to additional F&E activities than would have otherwise have happened, largely through PIF grant funding.**

- The 233 LAs that took part in the survey ran a total of 410 'projects' that were funded through the PIF grant funds. The survey findings show that almost three-fifths (59 per cent) of the projects would not have happened at all without the funds, and around a further third (35 per cent) would have gone ahead but with delays or on a smaller scale.
- Half of the projects were completely new work (50 per cent), and only a small minority of projects (three per cent) would have continued unchanged without the funding.

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**There was variable understanding across LAs as to which activities would prove effective, and which activities did prove effective, in reducing fraud and error locally.**

- Difficulties in forecasting and assessing the impact of FERIS1 activities were a recurring issue in the research. This uncertainty was cited by LAs as the biggest single obstacle to implementing FERIS PIF grant-funded projects (mentioned as a barrier in relation to 66 per cent of projects).
- Feedback from round table events suggested a lack of expertise and resources to make use of available data (including that sent by the Department for Work and Pensions (DWP)) to forecast potential impact and retrospectively to assess impact.
- This limited the extent to which FERIS incentive payments worked as an incentive, as local authorities found it difficult to predict their likelihood of reaching performance thresholds and to monitor progress towards them.<sup>1</sup>

**The perceived impacts of FERIS1 on LA finances were mixed, although LAs were appreciative of the additional funding provided.**

- Whilst around a third (35 per cent) of respondents reported a 'very' or 'slightly' positive financial impact on their organisation, nearly a quarter (23 per cent) reported a 'very' or 'slightly' negative financial impact.
- It is likely that this mix of outcomes reflects a combination of benefits from PIF grant funding, and underestimating the cost of 'knock-on' effects of fraud and error detection such as increased customer contact and debt recovery efforts.
- Feedback from round table events suggested that these 'knock-on' effects were not always budgeted for by local authorities at the planning stage.

**Activities motivated by FERIS1 were more likely to focus upon claimant error than fraud, and upon existing claims rather than new claims.**

- The online survey showed that LAs primarily targeted overpayments due to claimant error (97 per cent) with fewer (66 per cent) targeting deliberate fraud.
- Some LAs raised the issue that older claims were more expensive to investigate and recover debt from and a few mentioned that they had decided not to prioritise claims more than 12 months old.
- There were contrasting views among authorities as to whether it was a legitimate approach only to investigate recent overpayments for claims going back multiple years.

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<sup>1</sup> The incentive mechanism changed for FERIS2, with eligibility criteria for incentive payments are adjusted with the minimum performance threshold being reduced to 2.5 per cent, and adjustments made to take into account external influences on LA performance. However, since the focus of this report is on FERIS1, these are not detailed here.

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### **LAs found the opt-in and bid processes easy and there was good DWP support.**

- The majority of LAs found the process for opting in to FERIS1 (91 per cent) and applying for the PIF (86 per cent) to be either fairly or very easy.
- LAs that contacted DWP to discuss their application rated the information and support received as either very or fairly good (91 per cent)
- Nevertheless, evidence from the round table events suggests that some LAs would have welcomed further time and resource to create an innovative and effective bid.

### **Perceptions of positive performance were more common amongst unitary authorities and those sharing services.**

- Unitary authorities started or expanded more activities in response to FERIS1, compared to two-tier district authorities
- Single-tier authorities were slightly more likely to report a positive financial outcome than two-tier district authorities.
- Smaller authorities faced more difficulties when carrying out FERIS1 work compared to larger ones, often because they were less likely to have a developed existing infrastructure and technology.

# 1 Introduction

This chapter provides key policy background to the Fraud and Error Reduction Incentive Scheme (FERIS) initiative, and introduces the research.

## 1.1 Housing Benefit fraud and error

### 1.1.1 Housing Benefit

HB is a means tested benefit, paid to people with a low income who pay rent, regardless of whether they are in or out of work. It is paid to households by local authorities (LAs), but payments are covered by a Department for Work and Pensions (DWP) subsidy.

The amount of HB payable to a claimant varies depending on household income and savings, household composition and a range of other factors including housing tenure and location. It is the responsibility of claimants to update LAs regarding changes in their eligibility for the benefit. The complexities of administering HB mean that there is particular scope for both claimant and official error, as well as fraud.

### 1.1.2 Defining fraud and error

In this report, following the DWP classification,<sup>2</sup> we distinguish between three basic causes of overpayment of claims for HB:

- Fraud, defined as the provision of inaccurate or incomplete information to an LA to support a claim, or failure to update information supporting a claim, in cases where:
  - HB is reduced as a result
  - the claimant could reasonably be expected to be aware of the effect on his/her HB entitlement.
- Claimant error, defined as other provision of inaccurate or incomplete information, or failure to update information, where not considered fraudulent under the definition above.
- Official error, HB paid incorrectly due to inaction, delay or a mistaken assessment by a LA.

### 1.1.3 Estimated level of fraud and error

As shown in Table 1.1, DWP estimates that the overall rate of overpayment in HB for the period October 2014 to September 2015 was 5.2 per cent of total expenditure. This amounts to £1.3 billion (bn) of the overall £24.3bn expenditure on HB payments.

As noted by the National Audit Office in 2014, the scale of fraud and error in HB indicates substantial scope for savings in public spending in this area,<sup>3</sup> especially given that HB amounts to 15 per cent of DWP's total spending on benefit payments.<sup>4</sup>

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<sup>2</sup> Department for Work and Pensions (2015a), p5.

<sup>3</sup> National Audit Office (2014), p7.

<sup>4</sup> National Audit Office (2014), p13.

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Illustrating the relative scale of fraud compared to error, the majority of this overpayment in HB was accounted for by fraud on the part of claimants (3.0 per cent of total expenditure, or £730 million (m)). Claimant error was the next largest source of overpayment (1.8 per cent of total expenditure, or £430m), and the remainder of the overpayment was official error (0.4 per cent of total expenditure, or £90m).

**Table 1.1 Fraud and error in HB: DWP estimates, October 2014 to September 2015**

Type of overpayment	£m, estimated Overpayment		Percentage of total HB expenditure Overpayment	
	Oct 14 to Sep 15	Oct 13 to Sep 14	Oct 14 to Sep 15	Oct 13 to Sep 14
Fraud	730	590	3.0	2.4
Claimant error	430	550	1.8	2.3
Official error	90	140	0.4	0.6
<b>Total overpayment</b>	<b>1,260</b>	<b>1,280</b>	<b>5.2</b>	<b>5.3</b>
<b>Total expenditure</b>	<b>24,300</b>	<b>24,300</b>	<b>100.0</b>	<b>100.0</b>

Source: DWP (2016a), Tables 1 and 2.

Both claimant and official error can of course cause underpayment as well as overpayment of HB; however, the focus in this report is on the latter. This is justified by the fact that the overall rate of underpayment was estimated by DWP to be much lower than the rate of overpayment, at 1.4 per cent of total expenditure during the period October 2014 to September 2015.<sup>5</sup>

## 1.2 FERIS

### 1.2.1 The introduction of FERIS

LAs administer HB payments, but are fully reimbursed for payments by DWP. Because of this, they lack a direct financial incentive to ensure that claims are vetted and monitored.<sup>6</sup> Most importantly, if an LA finds a case of HB fraud and error, the value of the overpayment is immediately deducted from their DWP subsidy. The LA is then expected to retrieve this from the claimant or their landlord; however, recovering money after it has been paid out can often be difficult.<sup>7</sup>

In recognition of the costs of doing this and the fact that it is not always possible to retrieve the full value of overpayment, DWP have for some years offered a subsidy of 40 per cent of any overpayment caused by fraud or claimant error.<sup>8</sup>

<sup>5</sup> Department for Work and Pensions (2016a), Table 8, rows 43 to 46.

<sup>6</sup> National Audit Office (2014), p14.

<sup>7</sup> National Audit Office (2014), p27.

<sup>8</sup> Department for Work and Pensions (2015b).



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Nevertheless, HB was, in 2013/14, the largest single source of overpayments due to fraud and error across all DWP benefits.<sup>9</sup> In percentage terms, HB also showed a level of fraud and error well in excess of the DWP's then target of 1.7 per cent of total benefit expenditure. The NAO (National Audit Office) suggested that this was partly because the subsidy regime described above was not providing sufficient incentive to encourage LAs to prevent and identify fraud and error.<sup>10</sup>

DWP introduced FERIS to correct this problem, providing incentive funding for LAs to find and reduce fraud and error in HB claims in their area.

### 1.2.2 The structure of FERIS

The first phase of FERIS (FERIS1) ran from December 2014 to March 2016. It consisted of two main elements; Performance Improvement Funds (PIF),<sup>11</sup> and FERIS incentive payments, which are summarised in turn below.

#### Performance Improvement Fund

The PIF element of FERIS1 consisted of three funds, the Start-Up Fund, Bid Fund, and Maintenance Fund, which issued grants to LAs to help them tackle fraud and error.

- **Start-Up Fund:** This was an injection of funding that allowed authorities to invest in the resources needed to set up projects to tackle fraud and error.
- **Bid Fund:** This allowed authorities to bid for new and innovative methods of reducing fraud and error; for example marketing campaigns and joint working projects.
- **Maintenance Fund:** This allowed authorities to maintain an investment in the projects established by the Start-Up Fund.

A bidding process was established for each of these funds for LAs, and funding was paid to successful bidders. It was possible for a consortia of LAs to apply for bid funding together.

#### FERIS incentive payments

In addition to the PIF grants available, DWP assessed LAs that had opted in to FERIS1 every quarter on their performance in tackling HB fraud and error. DWP then made FERIS1 incentive payments based on the extent to which they had reached or exceeded a minimum performance threshold.

Together, DWP intended these funds and incentive payments to supply an additional incentive to tackle fraud and error in HB, and also to provide the initial financial means to do so.

#### FERIS roll-out and timings

FERIS was rolled out on 25 November 2014. The roll-out timeline for the first year of FERIS is summarised in Table 1.2.

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<sup>9</sup> National Audit Office (2014), p7.

<sup>10</sup> National Audit Office (2014), p26.

<sup>11</sup> Department for Work and Pensions (2014a).

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The table shows that all but one LA registered to receive FERIS incentive payments (379 of 380). The majority (327 of 380, or 86 per cent) received funding from the PIF Start-Up Fund, and most (286 of 380, or 75 per cent) also received PIF Maintenance Funding.

Only a minority (32 of 380, or 8 per cent) received funding from the PIF Bid Fund. However, most of these bids were from multi-authority and software provider consortia, and therefore in practice covered 110 LAs.

**Table 1.2 FERIS timeline, funding levels and LA participation**

	Date	Date	Date	£m	Number of LAs	
	Introduction date	Closing date for applications	Funding period ends	Funding allocated (of which spent)	LAs involved, of the 380 eligible	
					Applied	Paid
FERIS incentive payments	25 Nov 2014	30 Jan 2015*	31 Mar 2016	18.6 (6.1)	***	171
PIF Start-Up Fund	25 Nov 2014	30 Jan 2015	31 Mar 2016	6.2 (5.4)	327	327
PIF Bid Fund**	25 Nov 2014	2 Mar 2015	31 Mar 2016	3.0 (3.0)	34	32
PIF Maintenance Fund	16 Mar 2015	30 May 2015	31 Mar 2016	9.4 (7.6)	286	286

Sources: Department for Work and Pensions (2014a), Department for Work and Pensions (2015c), Department for Work and Pensions (2015d).

\* For timely payment; applications after this date were still considered.

\*\* Joint applications covered multiple local authorities.

\*\*\* Number registered; no application was necessary.

The initial scheme ran until the end of the 2015/16 financial year, ending on 31 March 2016. It was announced on 7 December 2015 that the Department would be extending FERIS for a further two years, with details of FERIS2 following on 11 February 2016.<sup>12</sup>

FERIS2 had a number of detailed differences from FERIS1. Since it was not a new initiative, DWP opted not to offer the PIF Bid Fund and PIF Start-Up Fund again. Instead, the Maintenance Fund was increased by 30 per cent. The thresholds for the incentive payments were adjusted and included additional regional funding for London authorities.

As part of the continued drive to reduce HB fraud and error, LAs continue to be provided with funding, in addition to the HB administration subsidy, through the Right Benefit Initiative (RBI). RBI replaced FERIS from 1 April 2017.<sup>13</sup>

<sup>12</sup> Department for Work and Pensions (2016b).

<sup>13</sup> Department for Work and Pensions (2017).

## **1.3 About this research**

### **1.3.1 Research objectives**

The overarching goal of this research was to assist the DWP in assessing the extent to which the FERIS1 scheme delivered on its objectives, and improve the design and administration of future rounds of FERIS.

This research aims to cover the two key dimensions of FERIS1:

- Process: how FERIS1 was implemented and what sort of activities it encouraged;
- Perceived impacts: how successful FERIS1 has been in achieving its aims and objectives of reducing fraud and error in HB, improving LA finances and positively effecting claimant behaviour.

### **1.3.2 Overview of research methods**

The FERIS1 research was a multi-stage research project, consisting of three main stages, outlined below:

- An online survey of LAs and shared services (February to March 2016);
- Five case studies at selected LAs, shared services and outsourcing contractors (March to April 2016);
- Six round table discussion events, including LAs, shared services and outsourcing contractors (June to July 2016).

### **1.3.3 Online survey**

The online survey of LAs across England, Scotland and Wales was carried out over six weeks in February and March 2016.

The online survey provided information on the broad prevalence of particular outcomes or issues among LAs.

All LAs responsible for administering HB were invited to participate in the online survey. A total of 233 of the 380 eligible responded.

Data in this survey is unweighted, since the profile of LAs responding to the survey broadly reflected the profile of LAs taking part in the FERIS initiative.

Throughout this report, where it is stated that there was a significant difference in online survey results between two groups, these differences are statistically significant at the 95 per cent level.

### **1.3.4 Case studies**

The online survey was followed by a series of five case studies, designed to target authorities who had either achieved a particularly large reduction in HB fraud and error, or tried innovative approaches.

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The purpose of this part of the research was to capture good practice and to help with the design of future initiatives. The interviews also provided some detailed insights into the process and effectiveness of FERIS, providing a level of detail unavailable in either the surveys or round tables.

The data gathered from these case studies was qualitative in nature; it consisted of the opinion of LA employees about their own work, including quotes and summaries of discussions. This stage was not intended to provide an account representative of all LAs but to provide in-depth insight into FERIS activities within those authorities that DWP felt had performed best. This data is based on perceptions, and does not provide statistical outputs regarding the prevalence of these opinions.

### **1.3.5 Round tables**

The final strand of the research involved a series of round table events. They allowed a broader qualitative perspective on FERIS1 in comparison to the case studies as they involved a greater number of organisations with both positive and negative experiences. They also provided detail on more qualitative research objectives such as:

- the reasoning behind selection of particular projects/activities;
- the difficulties encountered in running FERIS1 activities;
- which activities that had been successful and why; and
- aspects of FERIS1 that LAs felt had been more or less successful.

Six round table events took place across Great Britain. Locations were selected to cover as much of the country as possible, to maximise the attendance of LAs. A total of 58 organisations attended these events.

As with the case studies, the data gathered from these round table events was qualitative in nature. It consisted of LA opinions which has been analysed in terms of broad themes or concepts. Again, this data is based on perceptions, and does not provide statistical outputs regarding the prevalence of these opinions. The outputs do provide, however, a detailed insight into the likely reasons for LA behaviour and their attitudes towards FERIS1.

### **1.3.6 Report structure**

The remaining chapters of this report cover the following:

- **Chapter 2: The application process**  
Explores LAs' views on the strengths and weaknesses of the processes put in place for distributing FERIS1 funding, including their effect on LAs' choice of methods to tackle fraud and error
- **Chapter 3: Changes to LA activities as a result of FERIS1**  
Documents the type of work that LAs undertook in response to FERIS1 including the range of types of fraud and error targeted.
- **Chapter 4: Measuring success**  
Explores LAs' views on the impact of FERIS1 on reducing fraud and error and on LA finances, as well as considering how success in tackling fraud and error is measured.

## Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

- **Chapter 6: Conclusions**

Provides policy-relevant conclusions from the report with a focus on the research objectives.

For more information on the methodologies used throughout this report, see *Appendix A Methodology*. The questionnaire used in the online survey is available at *Appendix B Survey Questionnaire*.

An additional learning appendix has also been produced; summarising discussions with LAs on the ways FERIS1 funding was used to tackle fraud and error. See *Appendix C Local lessons from FERIS supported activity*.

## 2 The application process

### 2.1 Introduction

This chapter explores the decision to apply for Fraud and Error Reduction Incentive Scheme Phase 1 (FERIS1) in particular for the Performance Improvement Fund (PIF) grant funding available through this scheme, and the strengths and weaknesses of the design of the application process. In general, the research found that:

- The application and opt-in processes ran smoothly and local authorities (LAs) were generally satisfied with the support available;
- However, some LAs felt they put in a less than optimal bid for PIF grant funding because they lacked the resources, knowledge or time to design a better project;
- Some LAs suggested that a longer timescale for FERIS funding would have led to them making different and possibly better bids.

### 2.2 Deciding to apply

Nearly all authorities responding to the online survey applied for FERIS1 PIF funding. Only a small number of authorities did not apply for funding, representing seven per cent of respondents. This small number of authorities cited a lack of time, having no staff available, not having a Housing Benefit (HB) fraud and error team or the impact of the Single Fraud Investigation Service (SFIS) roll-out as reasons for not applying.

The round table events and case studies showed that generally there was little or no debate within LAs about whether to apply to FERIS1. LAs felt under-resourced and were keen to apply for any funding available.

Most authorities reported to have scaled back their fraud and error activities following wider reductions in LA budgets and the removal of the mandatory regular reviews of HB cases. They were therefore appreciative of the injection of capital to restart/expand activity that the PIF funding provided. Although some doubted that any intervention would be as effective as the mandatory reviews, they believed the introduction of FERIS provided them with the opportunity to boost their activity and tackle their growing caseload.

*'I don't think there was really any question about whether we would go for the bid or not [given] the pressures that ... London authorities are under. The directors just snap up anything to get more funding in ...'*

(London round table)

Some authorities were keen to point out that their motivation was not solely financial, but that they were also driven by their duty to tackle fraud and error to their best of their ability.

*'We think we've got a duty to look after the public's money, and we do our best to do so ... We just want to pay the right benefit to the right people; that's the ethos of the benefits service.'*

(Case study interview)

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On the other hand, a subset of authorities said they felt obligated to apply for PIF grant funding.

*'The way it was worded, although it [said] it was voluntary ... really, if you had any sense, you read into it that you really should be doing it.'*

(Birmingham round table)

The prospect of incentive payments was less of a driver in motivating involvement in FERIS1 than the PIF funding. LAs felt that it was difficult to predict what level of impact their activities could have on their HB caseload and hence how achievable the targets were. On that basis most felt that they could not include incentive payments in their budgeting at the outset.

*'That's been a difficulty – not knowing if you're going to meet your incentive. It's just too far down the line [to consider at the bid stage].'*

(Glasgow round table)

### 2.3 The application process

In order to receive funding from any of the three FERIS PIF grant funds, the Department for Work and Pensions (DWP) required LAs to go through an application process. Each PIF grant fund had an application form.

Application forms required estimates of total costs and general description of the work to be carried out, so that DWP could judge whether the project met all the funding criteria.

During the survey, LAs who registered with FERIS1 were asked about their experiences of the opt-in and application processes. The main findings were that:

- Over a quarter (29 per cent) found opting in to FERIS1 very easy, and most (62 per cent) found it fairly easy;
- Authorities were also positive about the process of applying to the PIF grant funds. The majority of applicants (66 per cent) found the process fairly easy, while a further fifth (20 per cent) found it very easy;
- The majority of authorities who made applications to FERIS1 thought the documentation was fairly good (70 per cent), or very good (11 per cent). Only a minority (12 per cent) said the documentation was fairly poor, and just two per cent said it was very poor;
- In addition to reading the documentation, the majority (62 per cent) of authorities contacted the DWP, including by phone or email, to discuss their application;
- Of those organisations that contacted the DWP, a majority (55 per cent) thought the information and support they received was fairly good; around a third (36 per cent) felt it was very good.

At the round table events, it was evident that not all authorities had made similar applications before, and initially some were unsure how to fill it in; but most found the DWP support helpful, and overall findings also supported the view that the application process for PIF grants was very easy or fairly easy. Evidence from case studies also echoed this positive opinion of DWP support during the process:

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*'It was daunting, because we'd never done it before, but that wasn't a negative thing. Because we got a lot of help ... we asked questions of people [at DWP] and got help back. So, it was positive.'*

(Case study interview)

## 2.4 Choosing projects for PIF applications

The process of applying for FERIS PIF grant funding involved LAs choosing at the outset the approach they would take to tackle fraud and error for the period of the funding.

The FERIS1 application process allowed a wide range of activities to be considered for funding. Despite this, some authorities participating in the round table events only considered one or two options.

Sometimes, this was because LAs were confident in their existing approach.

*'I've done claim processing for 27 years; I think you just have that gut instinct ... you know which areas [to focus on] ... It's just a matter of knowing your caseload and knowing your staff, really.'*

(Leeds round table)

In other cases LAs mentioned that they would have liked to put forward a bid for an innovative project but had lacked the resource to spend the time creating it. Some authorities said they would have liked some financial support for the bidding process to enable them to make better bids:

*'One of the things about the bid process is that there's no funding to carry out the work to submit the bid. So, [given] the risk that you [might not] get the money, you can't invest a lot of time researching, costing ... so you do tend to take a simpler approach where you have the data readily available ... rather than ... what could be a bigger, potentially better, piece of work.'*

(London round table)

As a result, some authorities felt that the best option was to continue their pre-existing work, instead of considering the full range of projects they could undertake.

*'We were just clutching at straws; we didn't really know what else to do. That's what we've always done, we've always done interventions in that way.'*

(London round table)

Some of those previously facing making redundancies for financial reasons felt they had to prioritise the continuation of existing work to prevent these redundancies. This was particularly the case at smaller councils.

Some LAs at the round tables mentioned they had little understanding of what their previous weaknesses were in tackling fraud and error in HB, and so did not know which areas and activities they should have targeted for improvement. Some mentioned that they felt DWP data could provide more detail in this area. Similarly, some said it was the difficulty in predicting the outcomes of new projects that restricted their bids to tried and tested methods.



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LAs also suggested that the timescale of FERIS1 was important in determining the types of project that they decided to pursue. Some were deterred from pursuing long-term projects, such as digitalisation and the development of online methods for this reason.

*'If you had known it was a three-year thing [at the start], what you would have chosen to do in year one probably would be different ...'*

(London round table)

LAs also discussed the impact of the roll-out of Universal Credit (UC) on decisions about which projects to bid for.

*'I know I keep talking about Universal Credit, but it is completely changing the landscape of everyone [working in fraud and error] and everything that we do.'*

(London round table)

In LAs where UC was already being rolled out; this had meant substantial staff reductions as funding was transferred away. Even at authorities not yet affected, the knowledge that the roll-out was coming meant that senior staff were often reluctant to invest in substantial measures to improve their HB service in the short term because they considered that it was likely to be abolished shortly after UC was introduced in their area.

Finally, the introduction of the Single Fraud Investigation Service (SFIS) also had an impact on project selection. The roll-out of SFIS was completed in March 2016 and meant that LAs no longer had responsibility for investigating benefit fraud in their local area. With the termination of funding for fraud investigation, most LAs said they made some or all of the staff previously working in this area redundant. Many LAs attending round tables stated that projects specifically targeting fraud were less likely to be chosen for this reason.

## 3 Activities supported by FERIS1

This section explores how local authorities (LAs) responded to the Fraud and Error Reduction Incentive Scheme (FERIS1), in terms of the activities that they undertook in response to it.

The key messages are:

- FERIS1 substantially widened the range of work carried out to tackle fraud and error by LAs, although less so among two-tier district authorities.
- Most LAs targeted a wide range of types of claim and types of overpayment, although the focus was principally on claimant error.

### 3.1 Projects funded by FERIS1 Performance Improvement Fund grant funding

Across the 233 LAs that took part in the survey, 209 were successful in receiving funding from the Performance Improvement Fund (PIF) grant funds. Between them, these authorities conducted 410 'projects'.

On the whole, FERIS1 PIF grant funds seem to have played an important role in driving forward initiatives to tackle fraud and error in Housing Benefit (HB). Of the 410 projects covered by authorities responding to the online survey:

- LAs reported that almost three-fifths (59 per cent) would not have happened at all without the funds, and around a further third (35 per cent) would have gone ahead but with delays or on a smaller scale. Only a small minority (3 per cent) of projects would have gone ahead unmodified; for the remaining four per cent of projects respondents said they did not know what would have happened.
- Half of FERIS1 projects (50 per cent) were completely new to the organisations concerned, and a further small group (15 per cent) were expansions of existing activity. Around a third of projects (34 per cent) continued existing work.
- Of this group of projects which were simply continuing existing work, in around half of cases (51 per cent) LAs said this work would have been terminated entirely without FERIS1, and just over a further third (34 per cent) said that it would have been scaled back or delayed.
- Around a third (32 per cent) of projects were entirely funded by the three FERIS1 PIF grant funds, while in nearly half of cases FERIS1 funded most, but not all, of the project (45 per cent). It was relatively rare for a project to be primarily led by other funding (20 per cent).

The qualitative stages of the research reinforced the role of PIF grant in facilitating projects; it was evident that PIF grants enabled authorities to introduce projects that they otherwise would not have pursued. This was not only because FERIS1 PIF grants gave authorities the necessary funds to take up such activities, but in some cases, because it gave them the motivation to review their approach and strive for improvements.

*'It enabled us to sit around the table and actually think about [these issues] afresh; the money's enabled us to do that, which is brilliant.'*

(Case study interview)

## **3.2 Types of activities carried out before and after FERIS1**

Alongside specific projects funded by the FERIS1 PIF grants, FERIS1 also motivated LAs to undertake other activities outside of these specific projects to increase their chances of meeting the thresholds for incentive payments. In some cases, these additional activities came about because the additional resources and staff brought in by the PIF grants resulted in wider changes to working practices.

To capture the full range of activities that can be attributed to FERIS1 – both those funded through PIF grants and others – LAs were asked in the online survey:

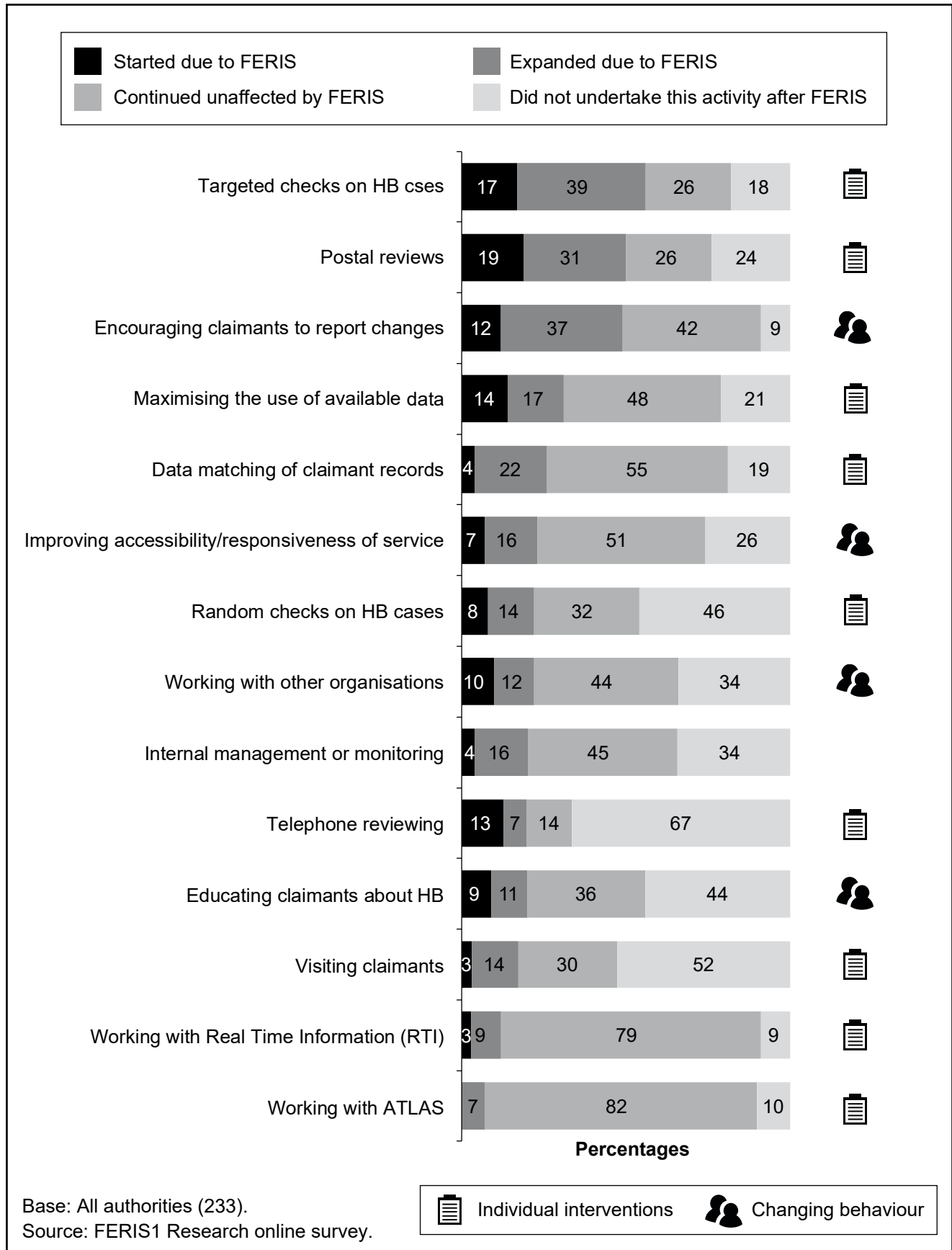
- whether they were undertaking a range of different activities to combat fraud and error;
- whether they undertook these same set of activities prior to FERIS1;
- for any activities undertaken both before and after the start of FERIS1 whether these had been increased in scope since the start of the scheme; and
- for any new activities or activities expanded in scope, whether the introduction/expansion was a result of FERIS1.

Figure 3.1 shows the combined results from these questions showing for each type of activity, the proportion of LAs who:

- introduced it directly because of FERIS1;
- were doing it already but expanded it because of FERIS1;
- were doing it already and continued with it unaffected by FERIS1; and
- were not doing it either before or after the introduction of FERIS1.

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**Figure 3.1 All activities that were carried out by LAs to tackle fraud and error, and the role of FERIS1 in influencing those activities**



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As can be seen, FERIS was most likely to influence LAs to start or increase the effort expended on:

- **targeted checks on HB cases** (17 per cent of LAs introduced this because of FERIS1 and 39 per cent increased this activity because of FERIS1);
- **postal reviews** (19 per cent started and 31 per cent increased); and
- **work to encourage claimants to report changes of circumstances** (12 per cent started and 37 per cent increased).

Only 12 per cent of LAs participating in the survey had not introduced or expanded any of the activities listed in Figure 3.1 as a result of FERIS1. Most of these activities intended to tackle fraud and error can be split in two categories:

- work on individual interventions, consisting of activities which target individual claimants, for example contacting them to dispute the details of their claim; and
- work on changing, behaviour of claimants generally, for example, publicity campaigns or mass mailshots to remind claimants of their responsibilities.

In general, FERIS1 was more likely to motivate LAs to carry out individual interventions than to work to change behaviour of claimants more widely.

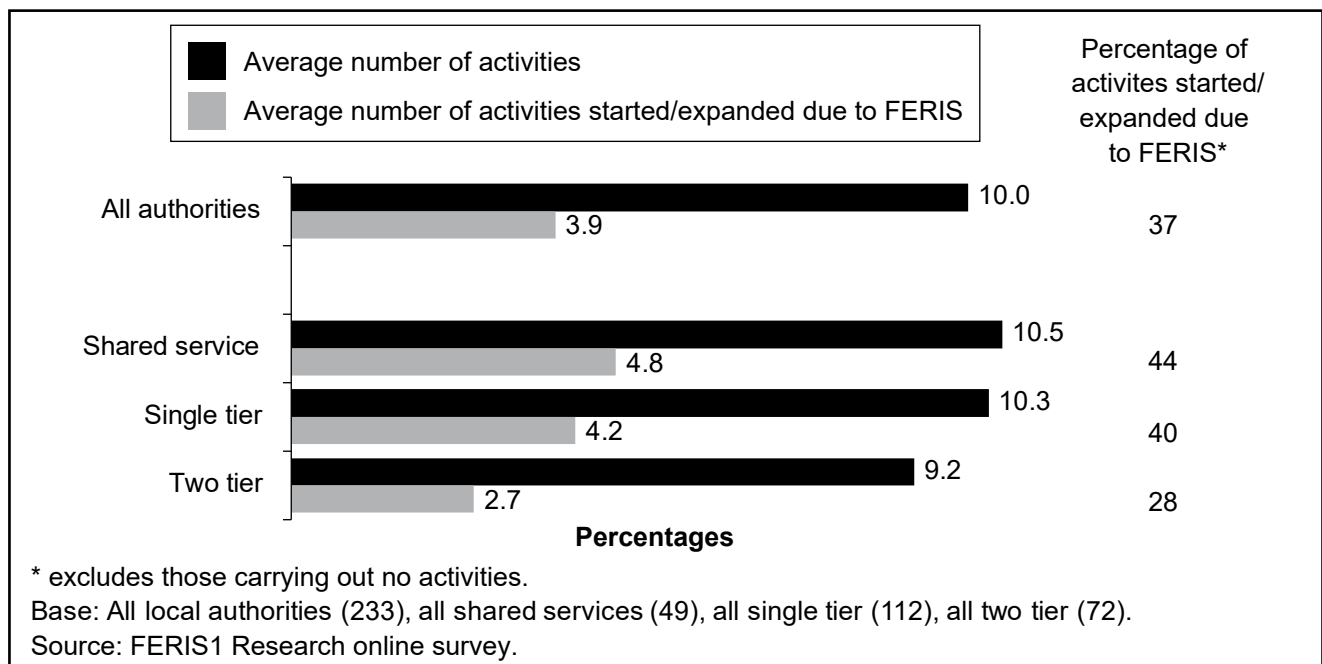
On average, each LA carried out ten of the 14 activities shown in Figure 3.1 and, on average, about four of these were said to have either started or been expanded in response to FERIS1.

There were some statistically significant differences between different types of LA both in terms of the number of activities carried out overall, and the role of FERIS1 in them (Figure 3.2). The range of activities carried out was larger for shared services (11 activities on average) and single-tier authorities (ten activities on an average) than for two-tier districts (nine activities on average).

The influence of FERIS1 was smaller in two-tier districts even in relation to the smaller overall number of activities. At shared services and single-tier authorities, a substantial proportion (44 per cent and 40 per cent respectively) of all activities undertaken were either started or expanded in response to FERIS1; at two-tier authorities this fell to just over a quarter (28 per cent). This indicates that the impact of FERIS1 in terms of motivating work to tackle fraud and error was greater for larger LAs.

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**Figure 3.2 Range of activities carried out at different types of LA, and the role of FERIS in motivating those activities**



### 3.3 Types of fraud and error targeted with activities introduced due to FERIS1

#### 3.3.1 Targeting by origin of fraud and error

The survey showed that virtually all authorities targeted overpayments due to claimant error or lack of knowledge (97 per cent), but fewer targeted deliberate fraud (66 per cent). Fewer LAs targeted overpayment due to official error (33 per cent).

However, it is important to note that feedback in round table discussions and case study interviews suggested that when discussing this issue informally, LAs tend to set the boundary between fraud and error differently to the official Department for Work and Pensions (DWP) definition, and that this may also have influenced online survey responses.

In particular, all cases of claimants failing to notify LAs of relevant changes in circumstance tended to be considered claimant error rather than fraud. This applied even if the claimant **should reasonably have known** that they should have informed the LA of the change. In the DWP definition this is considered fraud. Typically, LAs used the word 'fraud' to cover only claimants with intent to mislead, rather than those who were unreasonably negligent.

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Some LAs at the round table events were not keen to target **deliberate** fraud because they believed they had done it so extensively in the past that it was no longer worth pursuing. Some LAs said they had conducted anti-fraud media campaigns and a few had even run fraud hotlines; however, they felt there was not much reward for their efforts.

*'What you tend to find with that is you tend to get fraud reporting where it's a more vexatious kind of initiative ... The amount you get from it doesn't seem to be a huge deal. I think we've all had fraud hotlines and for a number of years.'*

(Cardiff round table)

Authorities emphasised that they felt there was also only a small amount of fraud in comparison to error.

*'Fraud and error under the FERIS scheme is primarily claimant error it's not fraud, so it means that those are the changes that the tenants haven't notified us of and then we process the claim. So when we say fraud and error we kind of talk about claimant error really.'*

(Case study interview)

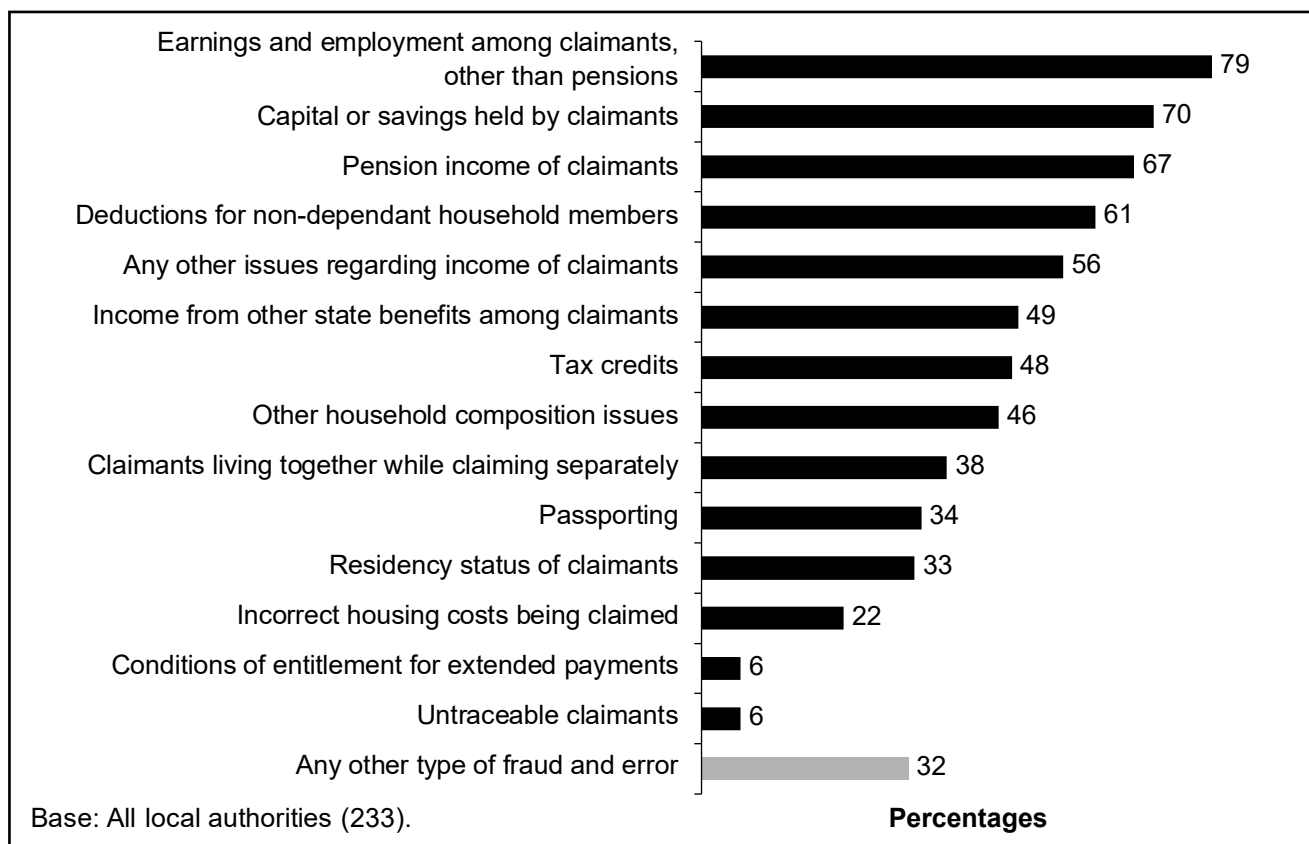
Because LAs often did not use the term 'fraud' to describe occasions where claimants had forgotten or did not know that they were required to report changes of circumstances, several mentioned at the round tables that they would like to see a change in the name of the FERIS initiative to remove reference to fraud. Some LAs found the name of the scheme to be a barrier to working with local charities whose primary concern was the well-being of claimants, or with housing providers whose income is largely dependent on HB. Some also stated that the branding made it more difficult to secure buy-in of councillors than would be the case with a brand that focused more on getting the right benefit.

### 3.3.2 Targeting of specific sources of fraud and error

The online survey also asked about the specific types of fraud and error the authorities targeted with their PIF grant-funded projects. As shown in Figure 3.3, authorities most commonly targeted claimants' earnings and employment (79 per cent), capital or savings (70 per cent), and pension income (67 per cent).

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**Figure 3.3 Specific types of fraud and error targeted by FERIS1 PIF grant-funded activity**



### 3.3.3 Targeting by length of claim

Authorities that had introduced or expanded activities due to FERIS1 were asked in the online survey about whether their activities targeted new claims, claims starting in the last 12 months, or older claims. Most authorities targeted overpayments and fraud in claims which started in the last 12 months (85 per cent) and claims which went back further than this (80 per cent).

A minority of the authorities (42 per cent) targeted overpayments and fraud in new claims. At the round table events, the types of activities mentioned as targeting new claims included Risk-Based Verification (RBV) or using behavioural techniques (for example, redesigning communications so the claimant responsibilities were more easily understood by new claimants).

Although most LAs stated in the online survey that they covered claims older than 12 months, participants in the round table events often argued that the higher costs involved in investigating changes and reclaiming overpayments for longer-standing claims impacted on the cost-effectiveness of targeting these claims (even after taking into account that the size of overpayments involved was often larger than for more recent claims).



## **Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

In the round tables, some LAs mentioned that although they covered claims that started more than 12 months ago, they would sometimes only explore overpayments relating to the last 12 months (to maximise the cost-effectiveness of the investigation). Others would go back as far as they believed necessary to record the specific date any change took place. Several stated that DWP rules offered no flexibility in this regard and that they would need to show they had gone back as far as possible with their investigations in case of an audit. Others felt that it was unethical not to do so.

## 4 Measuring success

This chapter explores local authorities' (LAs) views on the impact of Fraud and Error Reduction Incentive Scheme (FERIS1) projects and other FERIS1 motivated work on fraud and error, and the ability of LAs to measure it, and well as considering the impact on their finances.

In general, the research found that:

- LAs often did not have a strong feel for the impact of their work on levels of fraud and error locally; just over a quarter (27 per cent) were unable even to make a broad judgement on the direction of impact;
- Despite this, more than half (57 per cent) of LAs believed FERIS1 to have caused a slight or substantial reduction in the level of fraud and error locally; only a minority (17 per cent) saw no improvement.

### 4.1 Perceived impacts on fraud and error

#### 4.1.1 Overall impact on fraud and error

Respondents to the online survey were asked to what extent they believed the changes to their work motivated by FERIS1 had made an impact on levels of fraud and error locally.

It is worth noting that, although responses to these questions reflected the judgement of experienced benefits managers, they are based on a self-assessment of impact, and should be treated as indicative.

As mentioned earlier, 12 per cent of LAs stated that they did not introduce or expand any activities to tackle Housing Benefit (HB) fraud and error as a result of FERIS1. Of the remainder who had introduced or increased in scale at least one activity, 15 per cent of LAs felt that their work had made a substantial improvement regarding at least one of the types of fraud and error they targeted (which could be deliberate fraud, claimant error or official error), while around two-fifths (42 per cent) believed there had been a slight improvement. Taken together, more than half (57 per cent) felt there had either been a slight or substantial improvement. Only around a fifth (17 per cent) thought there had been no improvement at all. More than a quarter (27 per cent) were unsure if there had been an impact.

#### 4.1.2 Impact on fraud and error at different types of organisation

LAs in the UK vary substantially in population, and therefore in their number of HB claimants. In the round tables and case studies, it was recognised that larger organisations had a better chance of achieving success in reducing fraud and error in HB. Larger authorities and shared services often spoke of the advantages gained from their larger than average size.

*'[As a shared service we have the] ability to bid for larger volumes ... In terms of the FERIS project, as a shared service we can show a potentially greater return and try out a whole range of different tools and options within a project like this, than might be possible within a single authority.'*

(Case study interview)

## **Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

Discussions in the round tables identified the following challenges faced by smaller LAs:

- they were more likely to lack expertise to decide which projects to bid for;
- the level of Performance Improvement Fund (PIF) grant funding that they were eligible for was often insufficient to hire an appropriately skilled member of staff to dedicate a large proportion of their time to delivering FERIS1 work. It was clear from the case study interviews that at a number of top performing authorities it was one individual who drove projects forward;
- at the same time, the size of PIF grants that smaller LAs received were sometimes not large enough to secure the services of outsourcing agencies because they did not cover base costs; and
- the options for smaller authorities were more limited in terms of developing and using technology.

As the online survey showed, the more limited resources available in two-tier district authorities (that are often small) meant that they carried out a narrower range of activities to combat fraud and error.

## **4.2 Difficulties in measuring impact on fraud and error**

### **4.2.1 Uncertainty about impact on fraud and error**

A key message from the round tables was one of uncertainty among LAs about the impact of their activities on fraud and error.

Staff reviewing cases often felt they had a feel for what worked best, either in terms of the volume of cases amended or (for behavioural techniques such as publicity campaigns) the amount of spontaneous claimant contact they generated, but many seemed to lack systems to systematically record the impact of their activities (including the rate of return on resources invested).

More than a quarter (27 per cent) of survey respondents were uncertain whether the work they had carried out for FERIS1 generally had a substantial, slight or no impact on fraud and error. This rose significantly, to nearly two fifths (38 per cent), among the smaller and generally more poorly resourced two-tier districts.

Furthermore, LAs responding to the online survey said that two-thirds (66 per cent) of FERIS PIF grant-funded projects were impeded by difficulty estimating whether a project would help the authority to achieve incentive payments, estimating the likely impact on fraud or error, or measuring the actual impact on fraud or error.

Many round table participants said this had implications for project planning and cost over-runs.

*'It's difficult for LAs. If you're on about us sitting down, and thinking how many reductions are we going to identify ... if we undertake this project: it's difficult. We don't have our own set of analysts. [In the end] it's a best guess judgement call.'*

(Leeds round table)

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The few authorities attending the round tables or case studies who had their own in-house measurements of impact on fraud and error tended to be large. Smaller authorities felt it was completely unrealistic to attempt to measure the impact of their work on fraud and error as a whole:

*'We haven't got any money. There literally isn't a penny to put towards [it]. There's no real point in me monitoring it in that way.'*

(London round table)

Although they were sent data by Department for Work and Pensions (DWP) on the changes to their HB caseload, and some found these useful, a number of participants did not understand how to interpret this data, and many said the time lag between their activities and the data arriving was too late to be useful in directing their work.

*'It would be useful, you don't want a detailed analysis – you can have overload – but, what cases, what type of cases, have contributed to your target?'*

(Cardiff round table)

### 4.2.2 Opinion of the DWP system for measuring fraud and error

The DWP measures FERIS performance using the Single Housing Benefit Extract (SHBE). This data, taken from LA HB caseloads (databases of claimants), is submitted by LAs in a standard format and compiled and processed by DWP. By looking at year-on-year changes for comparable months or quarters, DWP is able to assess changes in the amount LAs are paying in HB over time. This measure takes into account both reductions due to identifying and intervening in specific cases of fraud and error, and reductions due to changing claimant behaviour without intervention. It does, of course, also take into account general trends in HB payments influenced by other external factors unrelated to any LA activity.

For determining the level of FERIS incentive payment, a baseline was set for each performance period, usually a quarter of the financial year, based on the higher of two measures; either:

- value of reductions achieved to HB entitlement in the year before the introduction of FERIS, in the same quarter; or
- average value of reductions achieved to HB entitlement in the two years before the introduction of FERIS for the same quarter.

For FERIS1, incentive payments were made when the value of reductions achieved to HB entitlement compared to the baseline, which was 8 per cent improvement required from December 2014 to March 2015, and 10 per cent from April 2015 to March 2016. The maximum FERIS incentive payment paid per quarter amounted to 2.5 per cent of that LA's HB administration subsidy for the financial year. Across a whole year, this could have amounted to as much as ten per cent on top of the usual subsidy.

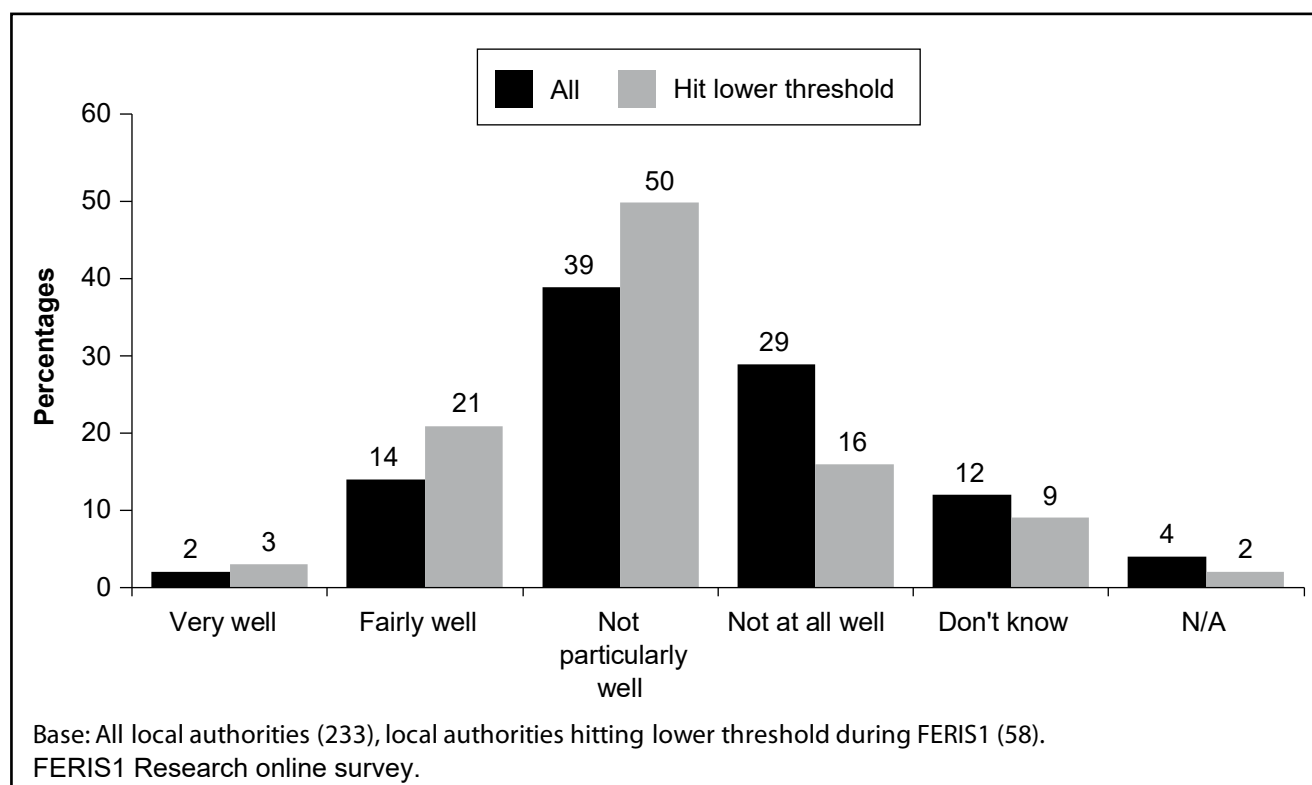
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Monitoring was carried out on a monthly basis, using an SHBE snapshot submitted by the LAs. Immediate payment (equivalent to 1.25 per cent of the LA's HB administration subsidy for the year) occurred if the data submitted showed the reduction in HB entitlement had reached the lower threshold for the whole quarter. At the end of the quarter, a top-up payment was made to reflect any further reductions in HB entitlement above the lower threshold.<sup>14</sup>

The online survey indicated that around a quarter (26 per cent) of the authorities surveyed achieved at least one of the lower FERIS thresholds, but only six per cent hit any upper thresholds.

This method of measuring success in tackling fraud and error was widely unpopular. As shown in Figure 4.1, only a small minority felt that the method used reflected their successes and failings fairly well (2 per cent) or very well (14 per cent).

**Figure 4.1 LA opinion on how well the DWP method of measuring performance reflects real successes and failings in tackling fraud and error**



This was not a simple case of dissatisfaction among those not receiving payments. Even among the minority who had at some point successfully hit thresholds and received payments, a clear majority (66 per cent) believed the method used did not reflect the successes or failings of their work to tackle fraud and error particularly well or reflected it not at all well. Among those who had not received incentive payments this figure rose to three-quarters (75 per cent).

<sup>14</sup> It should be noted that the detail of this incentive mechanism has changed for FERIS2, eligibility criteria for incentive payments were adjusted with the minimum performance threshold being reduced to 2.5 per cent, and adjustments made to take into account external influences on LA performance. However, since the focus of this report is on FERIS1, these are not detailed here.

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There was also a widespread belief found at round table events that the data used to derive the figures was inaccurate, although the few authorities who had attempted to compile independent figures tended to say they were similar.

Two of the case study LAs also pointed out that the size of these payments was not large compared to the costs involved in reaching them, and especially so for small authorities.

However, round table events revealed that the key discontent was with the baseline and threshold approach as a whole, and in particular how it was perceived to be rewarding only authorities who were performing poorly prior to FERIS1. Many authorities felt this was unfair and wanted to see changes:

*'We've had an interventions policy since 2007; we advised the DWP that the likelihood is we would never hit one of thresholds ... and that's been borne out ... There should be some financial incentive for [those who were performing well before FERIS] – because the other way is, you just turn everything off and say, well, if we leave it for a year ... [then] we'll get this extra funding.'*

(Birmingham round table)

### Southwark Council case study

The team at Southwark Council have been very focused on achieving thresholds. As well as the FERIS data matching and interventions, they also increased the amount of RTI (Real Time Information) activity (not funded by FERIS) in order to be able to reach the thresholds. As a top performer in the area, the council believed that they would easily achieve the incentive payments and were disappointed when this was not the case. The team at Southwark Council questioned the idea that authorities which have not actively tackled fraud and error would have been rewarded with easily obtainable thresholds, while their having a past strong performance works against them.

### 4.2.3 LA ideas for changes in the incentive scheme

Many LAs at round table events did not use any behavioural techniques, and instead focused on intervening with individual claimants. In these cases, LAs felt that they could rely entirely on tallying the value of the reductions found during these interventions to measure their impact. Some could not understand why DWP did not take this approach, rather than attempting to measure the overall impact on the caseload.

*'Within that screen you can say to the system whether the change that you've just actioned has resulted in the customer's benefit going up, down, or no change ... and with that we can target the best areas.'*

(Birmingham round table)

Some others felt that greater impact would be achieved if the money for incentive payments was reallocated to PIF grants or to their general funding. This group said that they were incentivised to provide a fraud and error service anyway and that a larger predictable revenue stream would allow them to make long-term plans.

*'Pay us up front in the admin grant – the work would be done ... and I think that would be perhaps a better [use] of our own existing resources, rather than having to go through a bid process.'*

(Birmingham round table)

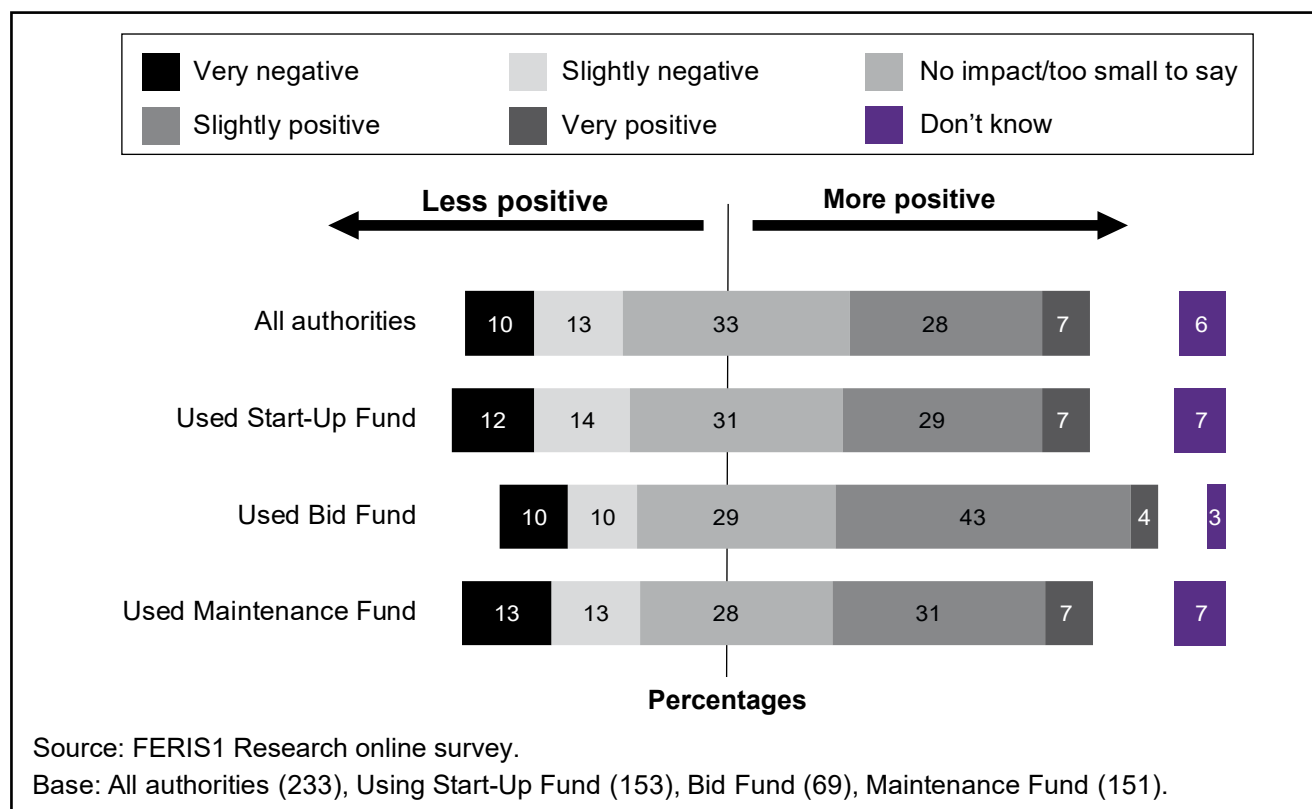
One authority suggested DWP should encourage councils to tackle HB fraud and error as part of their Council Tax Reduction activities, since many of the claimants identified as having errors in their claims would be the same across the two benefits.

## 4.3 Impact on LA finances

### 4.3.1 Overall impact on LA finances

Figure 4.2 shows the overall impact of FERIS on LA finances, as judged by the LA respondent responding to the online survey. Although just over a third (35 per cent) of LAs said that FERIS had either a very or slightly positive financial impact on their organisation, nearly a quarter (23 per cent) described the impact as either very or slightly negative.

**Figure 4.2 Impact of FERIS on organisation’s finances: by funds used**



### 4.3.2 Wider effects of FERIS1 activities

It might seem counter-intuitive that a scheme which provides grants and incentive payments to LAs could have a negative impact on their finances. However, the round table events showed that this was largely because of spending FERIS1 funds exclusively on finding fraud and error, and failing to sufficiently budget for the wider costs arising from that. For example, common unbudgeted costs included paying overpayments back to DWP, chasing claimants regarding outstanding debt, and dealing with large volumes of customer contact resulting from interventions.

*‘They do our overpayment recovery ... but we didn’t cost that element out. It was just purely within our service. Our overpayments went through the roof which caused a great deal of concern, because it actually cost a lot of money.’*

(Leeds round table)

## Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

It was evident in case studies and round tables that the effectiveness of co-ordination and planning for these wider effects among LAs was highly variable, and that there were two main reasons for this.

- **The scale of the wider effects were sometimes unexpected.** This meant that even where wider effects were budgeted for, the money set aside was sometimes insufficient. This was mainly because those designing projects were unaware that the caseload contained that level of error that it did, or were unable to forecast how effective their work would be.
- **Organisational barriers between teams** dealing directly with FERIS1 work and teams dealing with other related issues. The extent to which this was an issue varied depending on the structure of the organisation; those where debt collection and/or customer contact were dealt with by the same people working on benefit assessment encountered fewer problems.

*'It is about just spending the [PIF grant] and trying to contain that as much as I can within the assessments team and not having any footfall increase ...'*

(London round table)

This issue took on a different significance where some aspects of the work had been outsourced (or taken into a shared service) and others had not; organisations in this situation sometimes saw this separation as an advantage for tackling fraud and error since the separation denied the departments affected by the wider effects the chance to push back.

The round tables showed that the financial impact of a failure to take into account the wider impact of a FERIS1 project was sometimes severe, and in the worst cases resulted in the abandonment of projects.

*'I am very, very wary now about anything that I go into and I am not chasing the targets ... I can't afford to be doing it so I won't be doing it.'*

(London round table)

Round table discussions suggested that this failure to budget had largely been resolved through experience for the second and third FERIS funding rounds, with many LAs having already changed their approach as a result. However, this had not always taken the form of budgeting more effectively or amending project design; often LAs had simply scaled back fraud and error activity to a low level so the 'wider costs' incurred were also small in scale.

These LAs were sceptical that the wider costs could be reduced without simply finding less fraud and error. This group tended to say the only realistic way to do this would be to force contact online by refusing to deal with contact via other routes (which they felt was unrealistic).

However, some LAs attending round tables – and some case study authorities – felt that good project design and intelligent use of technology could help considerably:

*'We're not saying to another service "we're going to produce a lot more work for you", but "look what we can do, what we can streamline and make more efficient, because we can get customers to report changes that are actual changes.'*

(Leeds round table)



### 4.3.3 Financial impact of different types of project

Analysing the two groups of authorities who considered the impact of the project to have been negative and positive or none reveals some findings regarding the impact of different types of project.

Authorities that reported that overall FERIS had a positive (or no) financial impact were more likely than those experiencing a negative impact to have introduced activities such as working with other organisations (26 per cent compared to 12 per cent), and improving the accessibility of the service (29 per cent compared to 12 per cent).

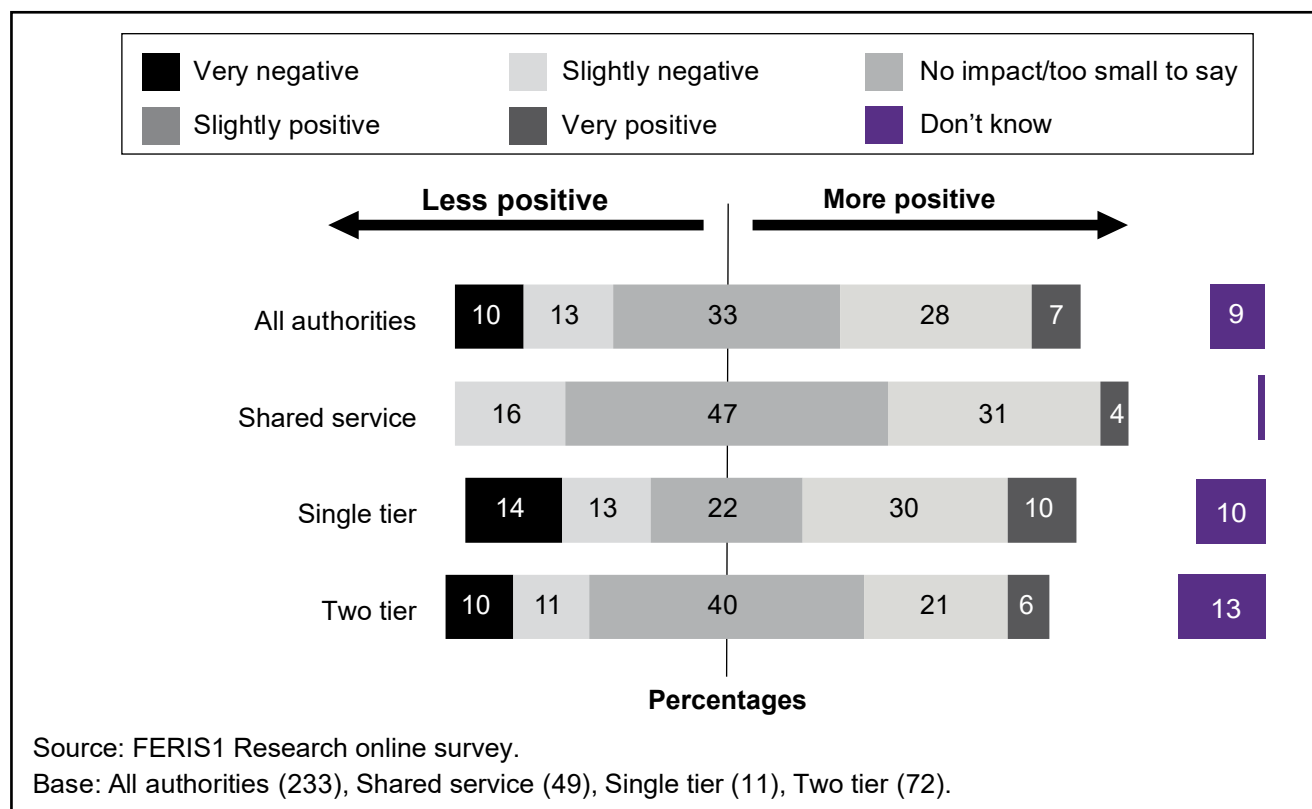
Those experiencing a negative financial impact were much more likely (35 per cent compared to 19 per cent) to have spent increased time on random checks on claims.

### 4.3.4 Impact on LA finances at different types of organisation

Analysing impact by type of LA, as shown in Figure 4.3, reveals a slightly more positive outcome at single-tier than two-tier LAs. Just over a quarter (26 per cent) of two-tier authorities felt that FERIS1 had been slightly or very positive for the organisation’s finances; this compares with two-fifths (40 per cent) of single-tier authorities.

This suggests that economies of scale played a significant role in the level of financial impact of efforts to tackle fraud and error, as they did in the range of activities LAs carried out in response to FERIS1.

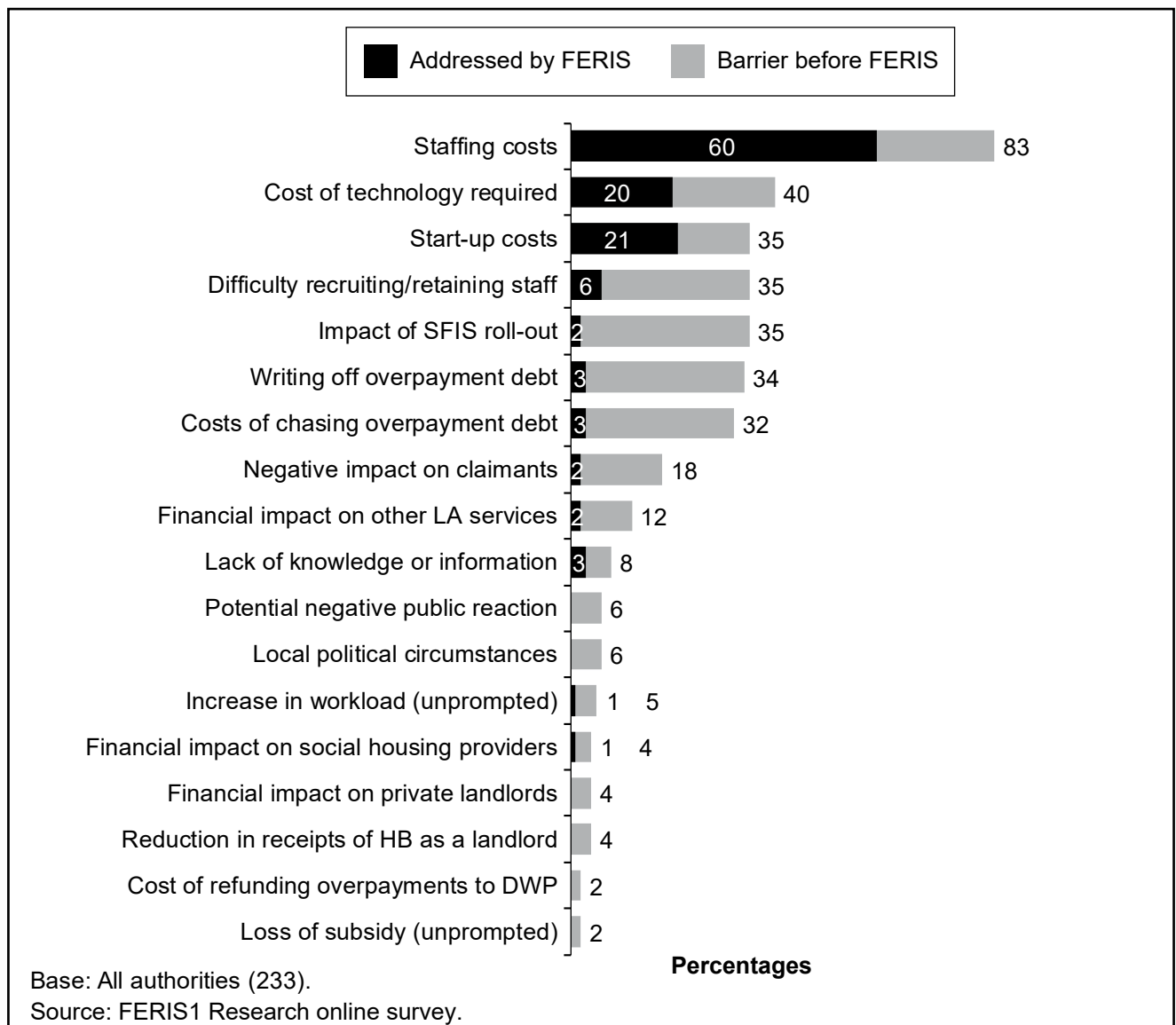
**Figure 4.3 Impact of FERIS on organisation’s finances: by type of LA**



## 4.4 Impact of FERIS on the existing barriers to tackling fraud and error

A key measure of the success of FERIS is the extent to which it has tackled the barriers LAs and their subcontractors previously faced to dealing with fraud and error. The online survey included questions covering this topic, the results of which are shown in Figure 4.4.

**Figure 4.4 Barriers to tackling fraud and error before FERIS, and the extent to which FERIS addressed these**



The most widely identified barrier to tackling fraud and error prior to FERIS (mentioned by 83 per cent of authorities) was staffing costs. FERIS was widely seen as tackling this barrier (by 60 per cent of respondents).

Costs of technology and start-up costs were mentioned by 40 and 35 per cent respectively as barriers to tackling fraud and error. These were also widely seen as being effectively addressed by FERIS (by 20 and 21 per cent respectively), as reflected in the discussion of the impact on LA finances.

# 5 Conclusions

## 5.1 Process

**The application process for the Fraud and Error Reduction Incentive Scheme (FERIS1) was unproblematic for most local authorities (LAs).** The bidding process generally went smoothly and few authorities found it difficult with the exception of some shared services and outsourcing contractors who found some aspects of the process unsuitable for them such as the assessment of bids on regional basis and the need to put in multiple bids.

**Some authorities struggled to innovate in their bids due to a lack of time or funding at the bidding stage.** Some LAs felt it was only possible to bid for a continuation or expansion in scale of basic day-to-day activities. Some suggested they needed funding for the applications to enable them to put in the time necessary to design better bids. Some felt this innovation could also be facilitated by arranging further knowledge-sharing events.

**The short funding periods for FERIS1 and the consequent short notice of subsequent funding rounds made planning difficult for some LAs, particularly regarding staff recruitment.** This has already been addressed to at least some extent (within the constraints imposed by the transition to Universal Credit) in the latest round of FERIS funding which includes a longer term element.

**Smaller authorities generally had more difficulties working with FERIS1 than larger ones.** Small authorities found it more difficult than larger authorities to work with FERIS, both due to the small size of Performance Improvement Fund (PIF) and the lack of in-house expertise.

**FERIS1 incentive payments did not appear to work well as an incentive for many LAs.** Generally LAs felt they could not budget to receiving the incentive payments given the difficulties they had estimating the likely impact of future work on fraud and error. Even those who did receive incentive payments felt the amounts were not large enough to cover the additional costs incurred. Many felt redesigning the incentive payments to use a simpler success metric could help those authorities having difficulty deciding how to work toward achieving an incentive payment, or budgeting for the impact of their work; but respondents were unsure how this could be achieved. Some suggested that simply more up-front PIF grant funding would achieve the same end.<sup>15</sup>

**Some LAs find the Department for Work and Pensions (DWP) data on how the payments have been calculated difficult to use, and would like better mechanisms to be put in place.** The key perceived shortcomings were that the data often arrived too late for action to be taken, and did not contain a breakdown of the claims that had been taken into account. This made it impossible for LAs to judge the success of particular campaigns or approaches and also for them to check and verify the data.

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<sup>15</sup> The detail of this incentive mechanism has changed for FERIS2. Eligibility criteria for incentive payments were adjusted with the minimum performance threshold being reduced to 2.5 per cent, and adjustments made to take into account external influences on LA performance.

## 5.2 Perceived impacts

**FERIS successfully encouraged a great deal of activity that would not otherwise have taken place.** LAs reported that almost three-fifths of projects (59 per cent) would not have gone ahead at all without FERIS PIF grant funding and most of the others would have been scaled-back.

**Local authority perceptions indicate that FERIS1 had a positive impact on fraud and error in HB.** More than half (57 per cent) of LAs that introduced or expanded activity as a result of FERIS1 felt that there had been a slight (42 per cent) or substantial (15 per cent) improvement on fraud and error in HB locally. However, just over a quarter (27 per cent) of those LAs were uncertain whether work carried out under FERIS1 had an impact locally. A further 17 per cent felt that there had been no improvement at all.

**Wider unbudgeted impacts of FERIS activities on other LA departments caused difficulties and sometimes acted as a brake on FERIS work.** A key problem for many FERIS projects was a lack of budgeting or consideration of knock-on effects on other teams, departments or organisations. In many cases these costs only became a concern after the event, at best resulting in unexpected changes in project design, and in the worst cases resulting in scaling back of efforts to tackle fraud and error in future years without considering other options.

**On balance, the impact of FERIS1 on LA finances was mixed, although most LAs were very appreciative of the additional funding.** Only a few perceived very positive impacts (7 per cent) and the rest were reasonably evenly split between those who felt FERIS1 had a slightly positive impact, no impact (or too small an impact to enable them to comment) and those who felt it had a negative impact. It is likely that this mix of outcomes reflects a combination of benefits from PIF grant funding, and underestimating the cost of wider effects, as described above.

**Overall FERIS1 was well-received and LAs wanted it to continue, albeit with some modifications.** On the whole, LAs considered that FERIS had enabled them to undertake valuable activities. Tackling fraud and error was seen by LAs to be a social/moral obligation and many had been uncomfortable with the scaling-back (or even removal) of this activity in the years prior to the introduction of FERIS.

# Appendix A

## Methodology

This is the technical appendix to the report, containing details of the survey methodology and analysis techniques used.

### A.1 Online survey

The first strand of the FERIS (Fraud and Error Reduction Incentive Scheme) research was an online survey of local authorities (LAs) across England, Scotland and Wales, carried out over six weeks in February and March 2016.

The survey aimed to cover all aspects of FERIS, including the administration of FERIS, the perceived impacts of the work on fraud and error, and the perceived financial impacts of FERIS on LAs.

#### A.1.1 Sample frame

The online survey sampling frame was all LAs in England, Wales and Scotland with responsibility for administering Housing Benefit (HB). There are 380 of these organisations in the UK, consisting of 179 single-tier LAs and 201 two-tier district councils. The online script was targeted at council officers with an overview of the involvement of the LA in FERIS; given the wide variation in structures between LAs, no precise job role or job title was specified for the respondent.

The online script was designed to enable multiple individuals within LAs to access it to fill in specific questions to cater for cases where there was not a single person with all the required knowledge.

Some LAs administer HB within a shared service responsible for tackling fraud and error for multiple LAs. There is no central database showing whether shared services have responsibility for HB administration, so in all cases online survey invites were initially directed at individual LAs. The survey contained questions designed to detect shared services, and where appropriate to allow the responses to be attributed to multiple LAs.

#### A.1.2 Sampling method

Email contact details were initially supplied for some authorities by the Department for Work and Pensions (DWP) from internal records. For the remainder, a sample building exercise was carried out involving contacting LAs and obtaining the appropriate email address to send the survey to.

All LAs in England, Wales and Scotland were contacted, either by telephone or by email. This process also assisted in the detection of shared services.

## Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

Where responses were received from a shared service, the research team checked with the respondent whether their response applied to all LAs within the shared service. If so, the response was duplicated in the dataset for those LAs. In some cases, shared services gave separate responses for each LA under their jurisdiction, or stated their response only applied to a single LA and responses were not duplicated.

### A.1.3 Response rate

In total, 380 LAs were contacted for the survey. In the course of fieldwork, it was discovered that HB was dealt with by a shared service elsewhere for 48 LAs, and they were therefore ineligible for the survey.

This reduced the total number of organisations eligible for the survey to 332. Respondents at 205 of these organisations responded to the survey, a raw response rate of 62 per cent.

Table A.1 shows the required breakdown of response rates in detail.

**Table A.1 Response rate for organisations surveyed**

	Number N	Percentages (%) Population in scope of study
<b>Number sampled</b>	380	
Ineligible; HB handled by shared service elsewhere	48	
<b>In scope of fieldwork</b>	332	100
<b>Reasons for no interview</b>		
Survey not opened#	78	23
Survey started but not completed	49	15
<b>Total completes*</b>	<b>205*</b>	<b>62</b>

\* Excludes four extra completes made by shared services providing differing information per LA.

# These LAs did not click on the survey link within any of the emails they were sent.

Table A.2 outlines the response rates achieved for shared services, single-tier and two-tier LAs. The two rows at the bottom show both the number of organisations interviewed and the number of LAs that they represented.

## Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

**Table A.2 Response rate for organisations: by shared service**

	Number of organisations		Percentages (%)	
	Sample	Responses	Response rate	Profile of respondents
Shared services	33	21*	64	10
Other single-tier authorities	201	112	56	55
Other two-tier authorities	179	72	40	35
<b>Total organisations</b>	<b>332</b>	<b>205*</b>	<b>62</b>	<b>100</b>
<b>Total authorities represented**</b>	<b>380</b>	<b>233</b>	<b>61</b>	<b>-</b>

\* Excludes four extra completes made by shared services providing differing information per LA.

\*\* After duplication of responses where shared services stated they were replying on behalf of multiple LAs. This is the base used for the majority of this report.

Source: FERIS online survey, ONS (Office for National Statistics) Code History Database.

Table A.3 outlines the response rates achieved among different structures of authority, including those within shared services. This table uses the number of authorities as a base rather than number of organisations, as explained above in Table A.2. As can be seen, the response was markedly higher in Scotland, among Metropolitan Districts in England and among London Boroughs.

**Table A.3 Response rate for LAs: by LA type and shared service**

	Number of LAs		Percentages	
	Sample	Responses	Response rate	Profile of respondents
<b>England</b>	326	197	60	85
Two-tier districts	201	120	60	52
Unitary districts*	56	30	54	13
Metropolitan districts	36	25	69	11
London boroughs**	33	22	67	9
<b>Scotland</b> (Unitary authorities)	32	23	72	10
<b>Wales</b> (County boroughs)	22	13	59	6
<b>Total</b>	<b>380</b>	<b>233</b>	<b>61</b>	<b>100</b>
of which in shared services	81***	49	60	21

\* Includes Isles of Scilly \*\* includes City of London Corporation \*\*\* minimum estimate.

Source: FERIS online survey, ONS Code History Database.

Table A.4 shows the regional breakdown of the response. As can be seen there was a good response from all regions surveyed. Response rate was reduced in the South West largely due to the decision of three shared services of significant size not to participate in the research. In the South East (which does not include London) most LAs were small two-tier district authorities, which were in general slightly less likely to respond to the survey.

## Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

**Table A.4 Regional distribution of responses to online survey**

Region (ONS)	Number of organisations		Percentages (%)	
	Sample	Responses	Response Rate	Profile of respondents
East Midlands	40	29	73	12
East of England	47	34	72	15
London	33	22	67	9
North East	12	7	58	3
North West	39	26	67	11
South East	67	32	48	14
South West	37	17	46	7
West Midlands	30	17	57	7
Yorkshire and the Humber	21	13	62	6
<b>England</b>	<b>326</b>	<b>197</b>	<b>60</b>	<b>85</b>
<b>Scotland</b>	<b>32</b>	<b>23</b>	<b>72</b>	<b>10</b>
<b>Wales</b>	<b>22</b>	<b>13</b>	<b>59</b>	<b>6</b>
<b>Total</b>	<b>380</b>	<b>233</b>	<b>61</b>	<b>100</b>

Source: FERIS Research online survey, ONS Code History database (2016).

### A.1.4 Coverage of projects

In response to FERIS1, LAs conducted specific projects that were funded through the Performance Improvement Fund (PIF) grants but also wider activities that they undertook without dedicated FERIS funding with the intention of securing incentive payments.

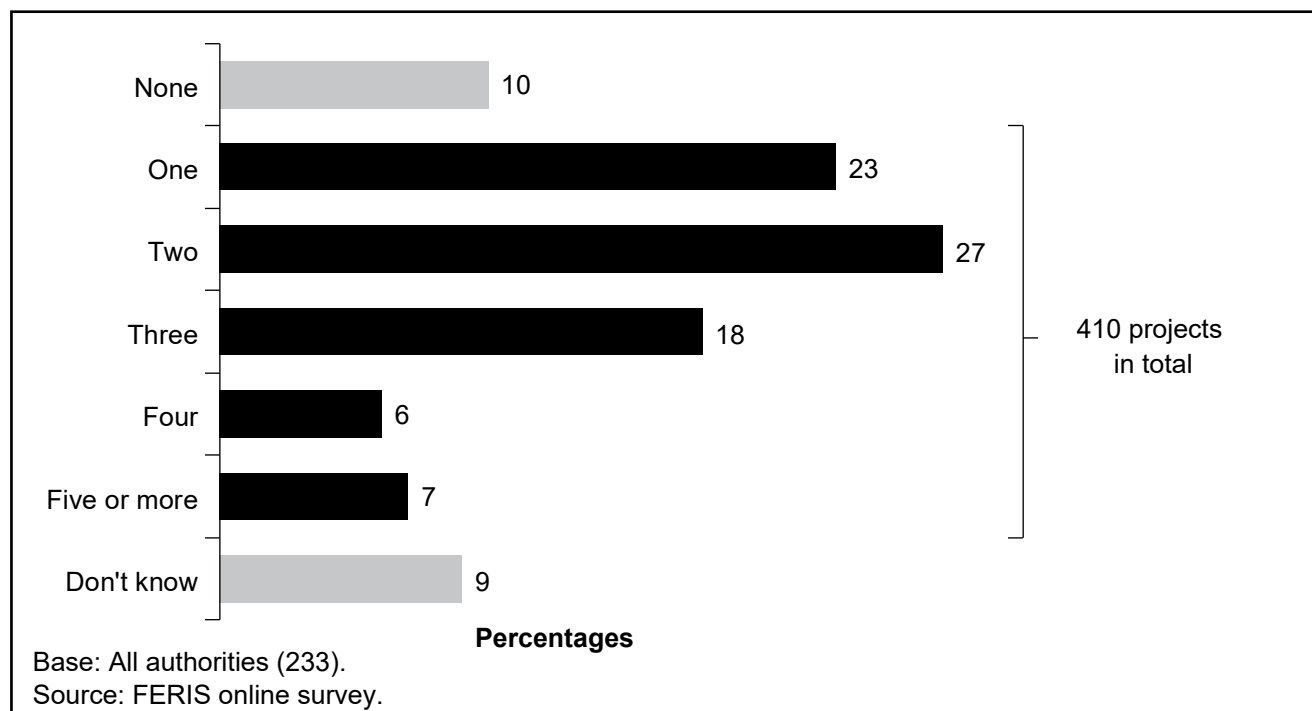
Some of the analysis in the report was performed on a 'project base' allowing us to look at the percentage of FERIS1 PIF grant projects affected by a particular issue (alongside the percentage of LAs). Where this base is used for analysis presented in the report it is clearly noted in the text or at the base of the chart.

In total 410 projects were identified in the survey by the LAs surveyed, as shown in Figure A.1.

Where authorities responding to the survey said they did not know how many projects they ran, we investigated this with follow-up phone calls. Usually they said that this was because they did not feel that they ran any PIF grant-funded projects as such; they had instead used the grants to part-fund general fraud and error activities. In this case they were encouraged to give the project a generic name in order to answer questions about it; however, this still left nine per cent who chose not to give details of their projects. It is therefore likely that the total number of projects is slightly higher in reality.



**Figure A.1 Number of FERIS projects undertaken, per authority**



### **A.1.5 Measures taken to maximise response**

As noted above, where contact details for a FERIS contact were not available from DWP, a sample building exercise was carried out to source contacts.

This exercise was also extended to cover other LAs that did not respond to the initial survey email. LAs contacted were asked to confirm or supply the correct contact details, and to complete the survey online.

There were two stages to this; first using phone numbers provided by DWP, and secondly going via LA switchboards to find a contact.

Further rounds of chasing were also conducted both by email and by telephone.

Those who had completed part, but not all, of the survey were given special priority for chasing, both by email and phone. Shared services were also given special priority, on the basis of the number of authorities they represented.

### **A.1.6 Significance testing**

Although the response rate was high, the survey is a sample survey and therefore subject to statistical error. Figures in the report therefore have an error margin; these are shown in Table A.5 for figures based on LAs and figures based on FERIS1 projects. The error margin varies depending on the figures being considered, as shown.

To give a worked example, if 50 per cent of LAs hold a certain opinion, the standard error at the 95 per cent confidence level is  $\pm 4.0$  per cent. We can therefore say we are 95 per cent certain that the proportion of LAs holding that opinion is between 46 and 54 per cent.

## Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

**Table A.5 Confidence margins on figures in this report**

Figure used in report	Per cent $\pm$ *	
	95 per cent confidence margin, LAs	95 per cent confidence margin, Projects
5 per cent	1.7	2.1
10 per cent	2.4	2.9
20 per cent	3.2	3.9
30 per cent	3.7	4.4
40 per cent	3.9	4.7
50 per cent	4.0	4.8
60 per cent	3.9	4.7
70 per cent	3.7	4.4
80 per cent	3.2	3.9
90 per cent	2.4	2.9
95 per cent	1.7	2.1
<b>Sample Size</b>	<b>233</b>	<b>410</b>
<b>Population</b>	<b>380</b>	<b>unknown</b>

\* Confidence margins in this column use Finite Population Correction, which takes account of the fact we have surveyed a large proportion of all LAs eligible for the survey.

Source: FERIS Research online survey, ONS Code History database (2016).

This sampling error also means that not all differences between sub-groups are significant. In the report, where sub-group differences are reported on then these differences were statistically significant at the 95 per cent level. This means that the chances are 95 in 100 or greater that the difference is 'real', as opposed to being caused by random variation in the sample.

Throughout this report, where percentages in tables do not sum to exactly 100, this is due to rounding. This occurs where two figures sum to 100 unrounded (for example, 50.5 and 49.5), but when rounded (to 51 and 50 respectively) sum to either more or less than 100. Any value that is less than half a per cent but greater than zero is represented by the symbol '\*'.

Data in this survey is unweighted, since the profile of LAs responding to the survey broadly reflected the profile of LAs taking part in the FERIS initiative.

## A.2 Case studies

The online survey was followed by a series of five case studies in March and early April 2016, designed to target those authorities who had either achieved a particularly large reduction in HB fraud and error, or tried innovative approaches to reducing fraud and error. The purpose of this part of the research was to explore best practice in detail, with an eye to identifying approaches to FERIS or to fraud and error generally which could be applied more widely.

## Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

The five organisations that took part were:

- EK Services.
- Liberata and Pendle Borough Council.
- Wiltshire Council.
- Southwark Council.
- City of York Council.

Multiple interviews were carried out at each location, with the aim of including people with a strategic role, as well as those with a front line role, dealing directly with claimants. Where possible, we also sought to speak to those working with or compiling statistics on their progress in tackling fraud and error.

The topics covered were similar to the online survey, but more in-depth and with a focus on what worked well.

### **A.2.1 Sampling frame**

A long list of 14 candidate authorities for case studies was provided by the teams at DWP working on assessing FERIS bids and LAs' progress in combating fraud and error. Authorities were selected from those who had performed well in reducing fraud and error (as measured by DWP using Single Housing Benefit Extract (SHBE) data) and those who, despite challenging circumstances, had found innovative ways of tackling the issue.

Three of the authorities identified by DWP were represented by the same outsourcing contractor (Liberata); this left a total of 12 candidate organisations.

### **A.2.2 Sampling method**

Because of the small number of candidate organisations, a census approach was taken to case study selection. Of the 12 candidate organisations, two declined to take part in the initial online survey, and were therefore ruled out, leaving a total of ten to contact.

### **A.2.3 Response rate**

All ten eligible case study candidate organisations were contacted. Where they did not respond, repeated efforts were made to make contact by email and telephone, including going via LA switchboards to ensure our contact details were up to date.

Of the ten, two declined to take part in case studies, and one more did not respond to our attempts to contact them. This left seven willing to take part, two of whom were unable to take part in the time available. The remaining five provided the case study interviews for the research.

## **A.3 Round tables**

The final strand of the research involved a series of round table discussions carried out in June and July 2016.

## **Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

Round table sessions are more open than focus groups, and were chosen to encourage sharing of experiences and best practice regarding FERIS. They allowed a broader qualitative perspective on FERIS than the case studies as they involved organisations with both positive and negative experiences of FERIS.

Six events took place, distributed across Great Britain. Locations were selected to allow as many LAs as possible to attend.

Most attendees were from LAs although some outsourcing companies and shared services also participated on the behalf of the LAs invited. The following numbers of organisations attended each event; some authorities sent more than one person to the events, so the total number of attendees was higher than shown below:

- **Glasgow** – Scotland – seven organisations.
- **Chester** – NW England and North Wales – ten organisations.
- **Leeds** – Yorkshire and Lincolnshire – ten organisations.
- **Birmingham** – West and East Midlands – ten organisations.
- **London** – London and the Home Counties – 11 organisations.
- **Cardiff** – South Wales and the West of England – ten organisations.

The discussions were focused on experiences of applying for PIF grant funds and carrying out FERIS projects, looking to identify successful and unsuccessful approaches to FERIS. Views on how DWP could improve FERIS for future years were also discussed.

### **A.3.1 Sample frame**

All 380 LAs with responsibility for administering HB were eligible to take part in the round table events, including those who had not taken part in the online survey. As discovered during the online survey phase of the research, taking into account shared services there were in fact 332 organisations administering HB, and these formed the sample frame for the round tables.

### **A.3.2 Sampling method**

All LAs and shared services with an office within two hours' travel time of a venue were invited to participate. Rural areas were prioritised at the request of DWP by inviting them first, giving them an extended time to respond. After this, places were allocated on a first-come first-served basis.

# Appendix B

## Survey questionnaire

### S Introduction

ASK ALL

- S1 Welcome to the DWP FERIS Evaluation 2015/16. This survey is designed to assess how well the FERIS scheme, the Fraud and Error Reduction Incentive Scheme for Housing Benefit, has worked, both in terms of process and impact.

You're reading this because you have been identified by DWP and IFF Research as the person most likely to be able to help us complete the majority of this survey, with an overview of the involvement of <LA> or a shared service/ consortium including <LA> in FERIS. The survey will cover both projects supported by the FERIS funds in 2014/15 and 2015/16, and FERIS Housing Benefit administration subsidy payments.

If you're not this person, please indicate this below and if possible let us know who the correct person would be.

I'm the person described above – <b><u>start now</u></b>	1
I'm not this person, but I could suggest someone	2
I'd like more information to help me decide whether I should take part	3

IF S1 = 3 DISPLAY FURTHER INFORMATION AND RETURN

**Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

IF S1 = 2

**S2 Please fill in the name and job title, and Local Authority (or outsourced service provider) for the person you believe should be the main person filling in this survey, regarding FERIS, the Fraud and Error Reduction Incentive Scheme for Housing Benefit, on behalf of <LA> below.**

DS: SEPARATE DK FOR EACH BOX

<b>Name:</b> WRITE IN		
<b>Job Title:</b> WRITE IN		
<b>Telephone Number:</b> WRITE IN		
<b>Email:</b> WRITE IN		
<b>Local Authority/Provider:</b> WRITE IN		
Don't know	1	

IF S1 = 2 THANK AND CLOSE. RESET SURVEY TO S1.

## A About you and your organisation

DISPLAY FOR ALL

**First of all, we just need a little background information on you and the Local Authority or authorities you represent. We're happy to take responses which cover multiple local authorities, where there is a shared service.**

ASK ALL

A1 **Are you responding on behalf of...**

*SELECT ONE ONLY*

<LA> only, or their sub-contractor	1
A shared service, covering more than one local authority, or their sub-contractor	2
None of the above	3
Don't know	4

IF A1 = 2 OR 3 OR A1 NOT ANSWERED (NOT RESPONDING FOR SAMPLED LA/  
RESPONDING FOR SHARED SERVICE)

A2 **Please use the box below to tell us which Local Authorities your response relates to[IF A1 = 3:, in addition to <LA>].**

WRITE IN		
Don't know	1	

IF A1 = 2 (RESPONDING FOR SHARED SERVICE)

**From now on we will refer to this as the "Shared Service area".**

IF A1 = 3 OR 4 THANK AND CLOSE

<b>TITLE DUMMY VARIABLE, DO NOT ASK</b>			
DS: TAKE FROM TITLE ON SAMPLE,			
Authority	1	1	IF A1 = 1 OR A1 NOT ANSWERED
Shared service	2	2	IF A1 = 2

**Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

ASK ALL

**A3 Did the <TITLE> register with FERIS for 2015/16?**

*SELECT ONE ONLY*

Yes	1
No	2
Don't know	3

ASK ALL

**A4 Which of these best describes the <TITLE>'s position regarding the provision of social housing?**

*SELECT ALL THAT APPLY*

[IF TITLE = 1: The council][IF TITLE = 2: Some of the authorities in the shared service] own and operate social housing	1
[IF TITLE = 1: The council][IF TITLE = 2: Some of the authorities in the shared service] own social housing which is operated by an ALMO (Arm's Length Management Organisation)	2
The [IF TITLE = 1: council does][IF TITLE = 2: authorities in the shared service do] not own social housing	3
Don't know	4

ASK ALL

**A5 [IF TITLE = 1: Does the <TITLE>][IF TITLE = 2: Do any of the constituent authorities in the shared service] lease residential property from private landlords, or act as a private residential landlord in [IF TITLE = 1:its][IF TITLE = 2:their] own right?**

*SELECT ONE ONLY*

Yes, more than about 100 properties	1
Yes, but it involves less than about 100 properties	2
No	3
Don't know	4



## B FERIS funds – applications and projects

ASK ALL

- B1 **Did the <TITLE> make any successful or unsuccessful applications to any of the FERIS start-up fund or bid fund (2014/15), or the FERIS maintenance fund (2015/16)?**

Yes	1
No	2
Don't know	3

IF B1 = 2 (NO APPLICATIONS MADE)

- B2 **Why did the <TITLE> decide not to make any applications to these FERIS funds?**

*SELECT ALL THAT APPLY*

Not enough time available	1
We don't have a team working in this area	2
No staff available	3
Not part of our shared service's remit	4
Impact of SFIS rollout	5
Application process too complex/costly	6
No support/poor support for application process	7
Another reason (PLEASE SPECIFY)	8
Don't know	9

**Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

IF B1 = 1 (APPLICATION TO ANY FUND)

**B3 Were any of these applications successful?**

All	1
Some	2
None	3
Don't know	4

ASK ALL

**B4 How well do you feel these FERIS funds were targeted at the right types of project to enable Local Authorities to tackle fraud and error in Housing Benefit?**

*SELECT ONE ONLY*

Targeted exactly the right types of project	1
Targeted mainly the right types of project	2
Didn't target the right types of project	3
Don't know	4

## C FERIS funds – the registration and application process

IF A3 = 1 OR A3 NOT ANSWERED (REGISTERED)

C1 **Would you say the <TITLE> found the process of registering with FERIS...**

*SELECT ONE ONLY*

Very easy	1
Fairly easy	2
Fairly difficult	4
Very difficult	5
Don't know	6

IF B1 = 1 OR B1 NOT ANSWERED (MADE APPLICATION)

C2 **Would you say the <TITLE> found the process of applying to the FERIS funds was...**

*SELECT ONE ONLY*

Very easy	1
Fairly easy	2
Fairly difficult	3
Very difficult	4
Don't know	5

IF B1 = 1 OR B1 NOT ANSWERED (MADE APPLICATION)

**Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

**C3 How would you rate the supporting documentation available to you, written and online, at the time the <TITLE> was constructing their application(s) for the FERIS funds?**

*SELECT ONE ONLY*

Very good	1
Fairly good	2
Fairly poor	3
Very poor	4
Don't know	5

IF C3 = 3 OR 4 OR C3 NOT ANSWERED (POOR)

**C4 What would you say were the weaknesses of the supporting documentation?**

*SELECT ALL THAT APPLY*

Not enough detail	1
Too complex/Too much detail	2
Not available in time	3
Not relevant to the <TITLE>'s situation	4
Other (PLEASE SPECIFY)	5
Don't know	6

IF B1 = 1 OR B1 NOT ANSWERED (MADE APPLICATION)

**Research into the first phase of the Fraud and Error Reduction  
Incentive Scheme (FERIS1)**

**C5 Did anyone from the <TITLE> contact DWP, by phone or email, to discuss your application(s) to the FERIS funds?**

*SELECT ALL THAT APPLY*

Yes, by phone	1
Yes, by email	2
No	3
Don't know	4

IF C5 = 1 OR 2 OR C5 NOT ANSWERED (CONTACTED)

**C6 How would you rate the information and support you received when you contacted DWP about applying to the FERIS funds?**

*SELECT ONE ONLY*

Very good	1
Fairly good	2
Fairly poor	3
Very poor	4
Don't know	5

IF C6 = 3 OR 4 OR C6 NOT ANSWERED (POOR)

**C7 What would you say were the weaknesses of the information and support you received from DWP when you contacted them?**

*SELECT ALL THAT APPLY*

Took too long to respond	1
Didn't give helpful answers to questions	2
Couldn't provide the information needed	3
Other (PLEASE SPECIFY)	4
Don't know	5

**Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

**D FERIS funds – project details**

IF B3 = 1 OR 2 OR B3 NOT ANSWERED (SUCCESSFUL APPLICATION TO ANY FUND)

D1 **So we can ask you in more detail about the projects which successfully attracted funding from the FERIS funds in the 2014/15 (FERIS start-up fund or bid fund) or 2015/16 (FERIS maintenance fund) funding rounds, please fill in the names you'd like to use to refer to the individual projects in the boxes below. This should include projects which were part-funded.**

Please only use one box per project, so that we can ask you or your colleagues about them separately.

WRITE IN	
WRITE IN	
WRITE IN	
WRITE IN	
WRITE IN	
WRITE IN	
WRITE IN	
WRITE IN	
WRITE IN	
Don't know	1
No projects attracted funding	2

**Research into the first phase of the Fraud and Error Reduction  
Incentive Scheme (FERIS1)**

DS: LOOP D2 TO D9 FOR EACH D1\_# TEXT FILLED IN

IF D1\_# TEXT NOT BLANK (FERIS-FUNDED PROJECT)

**D2 Which of the following FERIS funds was <D1\_# TEXT> funded by?**

*SELECT ALL THAT APPLY*

FERIS Start-up fund 2014/15	1
FERIS Bid fund 2014/15	2
FERIS Maintenance fund 2015/16	3
None of these	4
Don't know	5

IF D1\_# TEXT NOT BLANK (FERIS-FUNDED PROJECT)

**D3 Now thinking about <D1\_# TEXT>, did the payments from the FERIS fund(s) you received overall...**

*SELECT ONE ONLY*

Fund the entire project	1
Fund the majority of the project	2
Fund a minority share of the project	3
Don't know	4

IF D1\_# TEXT NOT BLANK (FERIS-FUNDED PROJECT)

**D4 If you had been unsuccessful in your application for funding from the FERIS fund(s) for <D1\_# TEXT>, do you think the project would have...**

*SELECT ALL THAT APPLY*

<b>Gone ahead unmodified using other funding</b>	1
<b>Gone ahead, but either delayed or reduced in scale</b>	2
<b>Not gone ahead at all</b>	3
Don't know	4

**Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

IF D1\_# TEXT NOT BLANK AND (D2\_# = 2 OR D2\_# = 3 OR D2\_# = 5 OR D2 NOT ANSWERED) (FERIS BID FUND OR MAINTENANCE FUND, OR DON'T KNOW SOURCE)

**D5 Was the application to fund <D1\_# TEXT> made by...**

*SELECT ONE ONLY*

<TITLE> only	1
A consortium of less than 10 authorities	2
A consortium of 10 or more authorities	3
Don't know	4

IF D5\_# = 2 OR 3 (IN A CONSORTIUM OF AUTHORITIES)

**D5A Was your <TITLE> the...**

*SELECT ONE ONLY*

Sole leading authority for this project	1
Among a group of authorities leading the project	2
Involved, but not leading the project	3
Don't know	4

IF D5\_# = 2 (SMALL CONSORTIUM OF AUTHORITIES)

**D6 Please could you tell us which local authorities were in the consortium, in addition to the <TITLE>?**

WRITE IN	
Don't know	1



**Research into the first phase of the Fraud and Error Reduction  
Incentive Scheme (FERIS1)**

IF D1\_# TEXT NOT BLANK (HAS FERIS FUNDED PROJECT/S)

**D7 What type of project was <D1\_# TEXT>? If the project does not seem to be broadly covered by the options available, please type in a short description of the activity in the box provided.**

*SELECT ALL THAT APPLY*

Encouraging or educating claimants to report changes of circumstances	1
Educating claimants about Housing Benefit more generally	2
Improving accessibility and responsiveness of Housing Benefit service	3
Working with other organisations to maximise the reporting of changes in circumstances	4
Maximising the use of available data and intelligence	5
Data matching of claimant records	6
Funding an increase in the number of interventions	7
Improving targeting of interventions	8
Visiting claimants	9
Telephone reviewing	10
Postal reviews	11
Internal management or monitoring	12
Working with Automated Transfers to Local Authority System (ATLAS)	13
Working with Real Time Information (RTI)	14
Another activity relevant to reducing fraud and error (PLEASE SPECIFY)	15
Don't know	16

**Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

IF D1\_# TEXT NOT BLANK (HAS FERIS FUNDED PROJECT/S)

**D8 Did <D1\_# TEXT> particularly target any of the following types of fraud and error?**

*SELECT ALL THAT APPLY*

Deliberate fraud	1
Reducing Claimant error or lack of knowledge	2
Official error	3
Don't know	4

IF D1\_# TEXT NOT BLANK (HAS FERIS FUNDED PROJECT/S)

**D9 And to be more precise, did <D1\_# TEXT> target Housing Benefit fraud or error relating to...**

*SELECT ALL THAT APPLY*

Earnings and employment among claimants, other than pensions	1
Pension income of claimants	2
Capital or savings held by claimants	3
Passporting – i.e. where claimants are assumed to have nil income and capital based on other benefit claims	4
Tax credits	5
Income from other state benefits among claimants	6
Any other issues regarding income of claimants	7
Claimants living together while claiming separately	8
Deductions for non-dependant household members	9
Other household composition issues	10
Residency status of claimants	11
Untraceable claimants	12
Conditions of entitlement for extended payments	13

**Research into the first phase of the Fraud and Error Reduction  
Incentive Scheme (FERIS1)**

Incorrect housing costs being claimed	14
Any other type of fraud or error	15
Don't know	16

IF D1\_# TEXT NOT BLANK (HAS FERIS FUNDED PROJECT/S)

D10 **And did** <D1\_# TEXT> **particularly target...**

*SELECT ALL THAT APPLY*

Overpayments and fraud in future new claims	1
Overpayments and fraud in recent claims, starting over the last 12 months or so	2
Overpayments and fraud in older claims, dating back further than 12 months	3
Don't know	4

IF D1\_# TEXT NOT BLANK (HAS FERIS FUNDED PROJECT/S)

D11 **And was** <D1\_# TEXT>...

*SELECT ALL THAT APPLY*

An entirely new activity for the <TITLE>	1
An expansion of an existing project – even if modified in focus a little	2
A continuation of an existing project – even if modified in focus a little	3
Don't know	4

END LOOP

## **E Implementing FERIS-funded projects**

DS: LOOP E1 TO E7 FOR EACH D1\_# TEXT FILLED IN

IF D1\_# TEXT NOT BLANK (FERIS-FUNDED PROJECT)

- E1 Thinking about the <D1\_# TEXT> project carried out using FERIS funds, is this project currently...**

*SELECT ONE ONLY*

Still in the planning stages	1
In the process of being implemented	2
Fully implemented	3
Ended without being fully implemented	4
Don't know	5

IF D1\_# TEXT NOT BLANK AND (E1 >= 2 OR E1 NOT ANSWERED) (FERIS-FUNDED PROJECT WHICH HAS STARTED)

- E2 Now thinking about the project goals of the <D1\_# TEXT> project, rather than success at achieving FERIS thresholds overall, would you say the project has so far...**

*SELECT ONE ONLY*

Achieved all of its original goals	1
Achieved most goals	2
Achieved a minority of goals	3
Achieved none of its original goals	4
Don't know	5

**Research into the first phase of the Fraud and Error Reduction  
Incentive Scheme (FERIS1)**

IF D1\_# TEXT NOT BLANK (FERIS-FUNDED PROJECT)

**E3 Which of these would you say were major challenges encountered in carrying out the <D1\_# TEXT> project?**

*SELECT ALL THAT APPLY*

Finding suitably skilled staff	1
Retaining suitably skilled staff	2
Applying for initial FERIS funding	3
Finding initial funding, other than from FERIS	4
Finding ongoing funding to maintain the project	5
Timely payment of FERIS funding	6
Impact of SFIS rollout	7
Estimating costs	8
Controlling costs	9
Estimating likely impact on overpayment or fraud	10
Measuring impact on overpayment or fraud	11
Estimating whether it would help to reach FERIS thresholds	12
Another major challenge (PLEASE SPECIFY)	13
No challenges	14
Don't know	15

**Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

IF D1\_# TEXT NOT BLANK AND (C7\_# = 1 OR 4 OR C7\_# NOT ANSWERED) (FERIS-FUNDED PROJECT TARGETING FRAUD)

**E4 Do you believe the <D1\_# TEXT> project had an impact specifically on levels of Housing Benefit fraud?**

*SELECT ONE ONLY*

Yes, a significant impact	1
Yes, a slight impact	2
No, no impact at all	3
Not designed to have an impact on this	4
Don't know	5

IF D1\_# TEXT NOT BLANK AND (C7\_# = 2 OR 4 OR C7 NOT ANSWERED) (FERIS-FUNDED PROJECT TARGETING CLAIMANT ERROR)

**E5 Do you believe the <D1\_# TEXT> project had an impact specifically on levels of overpayment due to claimant error?**

*SELECT ONE ONLY*

Yes, a significant impact	1
Yes, a slight impact	2
No, no impact at all	3
Not designed to have an impact on this	4
Don't know	5

**Research into the first phase of the Fraud and Error Reduction  
Incentive Scheme (FERIS1)**

IF D1\_# TEXT NOT BLANK AND (C7\_# = 3 OR 4 OR C7 NOT ANSWERED) (FERIS-FUNDED PROJECT TARGETING OFFICIAL ERROR)

**E6 Do you believe the <D1\_# TEXT> project had an impact specifically on levels of overpayment due to official error?**

*SELECT ONE ONLY*

Yes, a significant impact	1
Yes, a slight impact	2
No, no impact at all	3
Not designed to have an impact on this	4
Don't know	5

## F Activities carried out to combat fraud and error, before and after FERIS

ASK ALL

F1 Which of these activities which might help to combat fraud and error did the <TITLE> carry out before FERIS began to be implemented in December 2014?

SELECT ALL THAT APPLY

Encouraging or educating claimants to report changes of circumstances	1
Educating claimants about Housing Benefit more generally	2
Improving accessibility and responsiveness of Housing Benefit service	3
Working with other organisations to maximise the reporting of changes in circumstances	4
Maximising the use of available data and intelligence	5
Data matching of claimant records	6
Carry out random checks on Housing Benefit cases	7
Carry out targeted checks on Housing Benefit cases	8
Visiting claimants	9
Telephone reviewing	10
Postal reviews	11
Internal management or monitoring	12
Working with Automated Transfers to Local Authority System (ATLAS)	13
Working with Real Time Information (RTI)	14
Another activity relevant to reducing fraud and error (PLEASE SPECIFY)	15
DS: DUMMY CODE, HIDE FOR ALL	16
None	17
Don't know	18



**Research into the first phase of the Fraud and Error Reduction  
Incentive Scheme (FERIS1)**

IF (F1 ≠ 17 OR 18) AND F1 ANSWERED (ACTIVITIES BEFORE FERIS KNOWN)

**F2 Which of these broad types of fraud and error in Housing Benefit did the <TITLE> generally target with these activities you just mentioned before FERIS?**

*SELECT ALL THAT APPLY*

Reducing deliberate fraud	1
Overpayments due to claimant error or lack of knowledge	2
Underpayment due to claimant error or lack of knowledge	3
Overpayments due to official error	4
Underpayments due to official error	5
None of these	6
Don't know	7

IF F2 MULTICODED (MORE THAN ONE ACTIVITY TARGETED)

**F3 And which was the highest priority for the <TITLE>?**

*SELECT ALL THAT APPLY*

DS: SHOW ONLY CODES 1 TO 5 SELECTED AT F2

Reducing deliberate fraud	1
Overpayments due to claimant error or lack of knowledge	2
Underpayment due to claimant error or lack of knowledge	3
Overpayments due to official error	4
Underpayments due to official error	5
Don't know	6

**Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

IF (F1 ≠ 17 OR 18) AND F1 ANSWERED AND (F2 = 1, 2 OR 4 OR F2 NOT ANSWERED) (ACTIVITIES BEFORE FERIS KNOWN AND NOT EXCLUSIVELY UNDERPAYMENT FOCUSED)

**F4 And did the activities you mentioned generally target...**

*SELECT ALL THAT APPLY*

Overpayments and fraud in future new claims	1
Overpayments and fraud in recent claims, starting over the last 12 months or so	2
Overpayments and fraud in older claims, dating back further than 12 months	3
None of these	4
Don't know	5

ASK ALL

**F5 Which of these would you say were the key barriers to implementing initiatives to reduce overpayment of Housing Benefit before FERIS was introduced, whether due to fraud or error?**

*SELECT ALL THAT APPLY*

<b>Barriers relating to practical implementation</b>	
Start-up costs	1
Staffing costs	2
Difficulty recruiting/retaining staff	3
Cost of technology required	4
Lack of knowledge or information	5
Impact of SFIS roll-out	6
<b>Barriers relating to impact of projects</b>	
Direct or indirect financial impact on the <TITLE> of reducing current or past overpayment	7
Any impacts on non-Local Authority stakeholders or partners of reducing overpayment	8
Potential negative impact on claimants unaware of past overpayments	9

**Research into the first phase of the Fraud and Error Reduction  
Incentive Scheme (FERIS1)**

Potential negative public reaction	10
Local political circumstances	11
<b>Other concerns</b>	
Another concern (PLEASE SPECIFY)	12
Don't know	13

IF F5 MULTICODED (MORE THAN ONE BARRIER TO ACTION)

**F6 Which of these would you say was the single biggest barrier to reducing overpayment of Housing Benefit before FERIS was introduced, whether due to fraud or error?**

*SELECT ONE ONLY*

Start-up costs	1
Staffing costs	2
Difficulty recruiting/retaining staff	3
Cost of technology required	4
Lack of knowledge or information	5
Impact of SFIS roll-out	6
Direct or indirect financial impact on the <TITLE> of reducing current or past overpayment	7
Any impacts on non-Local Authority stakeholders or partners of reducing overpayment	8
Potential negative impact on claimants unaware of past overpayments	9
Potential negative public reaction	10
Local political circumstances	11
IF F5 = 11: <F5_11 TEXT>	12
Don't know	13

**Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

IF F5 = 7 (BARRIER OF FINANCIAL IMPACT)

**F7 You mention the direct or indirect financial impact on the <TITLE> – to be more specific, which of these were the key concerns?**

*SELECT ALL THAT APPLY*

IF A4 = 1 OR 2: Reduction in current or future direct receipts of Housing Benefit as a landlord	1
IF A4 = 1 OR 2: Cost of direct refunds due to past long-term fraud and error in Housing Benefit as a landlord	2
Potential costs of clawing back Housing Benefit from claimants and/or their landlords	3
Financial impact on the <TITLE> of claimants and/or landlords unable to pay back past overpayments	4
Potential for financial impact on other services provided by the <TITLE>[IF TITLE = 2: or its member authorities.]	5
Another concern (PLEASE SPECIFY)	6
Don't know	7

IF F5 = 8 (BARRIER OF RELATIONSHIP IMPACT)

**F8 You mention the impact on non-<TITLE> stakeholders or partners – to be more specific, which of these were the key concerns?**

*SELECT ALL THAT APPLY*

Financial impact on Housing Associations, or relations with them	1
Financial impact on private landlords, or relations with them	2
Another concern/organisation (PLEASE SPECIFY)	3
Don't know	4

**Research into the first phase of the Fraud and Error Reduction  
Incentive Scheme (FERIS1)**

ASK ALL

**F9 And which of these activities are carried out now, after the introduction of FERIS, including any FERIS funded projects you've told us about earlier?**

**At this point, please do not consider whether FERIS caused any changes.**

*SELECT ALL THAT APPLY*

Encouraging or educating claimants to report changes of circumstances	1
Educating claimants about Housing Benefit more generally	2
Improving accessibility and responsiveness of Housing Benefit service	3
Working with other organisations to maximise the reporting of changes in circumstances	4
Maximising the use of available data and intelligence	5
Data matching of claimant records	6
Carry out random checks on Housing Benefit cases	7
Carry out targeted checks on Housing Benefit cases	8
Visiting claimants	<b>9</b>
Telephone reviewing	10
Postal reviews	11
Internal management or monitoring	12
Working with Automated Transfers to Local Authority System (ATLAS)	13
Working with Real Time Information (RTI)	14
IF F1 = 15: <F1_15 TEXT>	15
Another activity relevant to reducing fraud and error (PLEASE SPECIFY)	16
None	17
Don't know	18

**Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

IF (F9 ≠ 17 OR 18) AND F9 ANSWERED AND (F1 ≠ 17 OR 18) AND F1 ANSWERED (NEW AND PREVIOUS ACTIVITIES KNOWN)

**F10 Were any of these activities introduced or increased in scale specifically due to FERIS, again including any FERIS funded projects you told us about earlier?**

*SELECT ALL THAT APPLY*

DS: SHOW ONLY OPTIONS SELECTED AT F9

Encouraging or educating claimants to report changes of circumstances	1
Educating claimants about Housing Benefit more generally	2
Improving accessibility and responsiveness of Housing Benefit service	3
Working with other organisations to maximise the reporting of changes in circumstances	4
Maximising the use of available data and intelligence	5
Data matching of claimant records	6
Carry out random checks on Housing Benefit cases	7
Carry out targeted checks on Housing Benefit cases	8
Visiting claimants	9
Telephone reviewing	10
Postal reviews	11
Internal management or monitoring	12
Working with Automated Transfers to Local Authority System (ATLAS)	13
Working with Real Time Information (RTI)	14
IF F1 = 15: <F1_15 TEXT>	15
IF F9 = 16: <F9_16 TEXT>	16
None	17
Don't know	18

**Research into the first phase of the Fraud and Error Reduction  
Incentive Scheme (FERIS1)**

IF F10 = 1 TO 16 (NEW OR EXPANDED ACTIVITIES DUE TO FERIS)

**F11 Which of these broad types of fraud and error in Housing Benefit did <TITLE> generally target with these activities you just mentioned which you introduced or increased in scale due to FERIS?**

*SELECT ALL THAT APPLY*

Reducing deliberate fraud	1
Overpayments due to claimant error or lack of knowledge	2
Underpayment due to claimant error or lack of knowledge	3
Overpayments due to official error	4
Underpayments due to official error	5
Don't know	6

IF F10 = 1 TO 16 AND (F11 = 1, 2 OR 4 OR F11 NOT ANSWERED) (NEW OR EXPANDED ACTIVITIES DUE TO FERIS, NOT FOCUSED ONLY ON UNDERPAYMENT)

**F12 And did the activities introduced or increased in scale due to FERIS generally target...**

*SELECT ALL THAT APPLY*

Overpayments and fraud in future new claims	1
Overpayments and fraud in recent claims, starting over the last 12 months or so	2
Overpayments and fraud in older claims, dating back further than 12 months	3
Don't know	4

**Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

IF F11 = 1 TO 5 (NEW OR EXPANDED ACTIVITIES DUE TO FERIS WITH KNOWN AIMS)

**F13 According to the <TITLE>'s most recent internal measurements, would you say these activities introduced or increased in scale due to FERIS are generally resulting in...**

*SELECT ALL THAT APPLY*

IF F11 = 1: A substantial reduction in deliberate fraud	1
IF F11 = 1: A slight reduction in deliberate fraud	2
IF F11 = 2: A substantial reduction in overpayment due to claimant error	3
IF F11 = 2: A slight reduction in overpayment due to claimant error	4
IF F11 = 3: A substantial reduction in overpayment due to official error	5
IF F11 = 3: A slight reduction in overpayment due to official error	6
A substantial reduction in underpayment	7
A slight reduction in underpayment	8
None of these	9
Haven't measured this	10
Don't know	11

**F14 There is no F14**



**Research into the first phase of the Fraud and Error Reduction  
Incentive Scheme (FERIS1)**

IF (F1 ≠ 17 OR 18) AND F1 ANSWERED (PREVIOUS ACTIVITIES KNOWN)

**F15 Were any of these activities decreased in scale or ended specifically due to FERIS, for example because resources were reallocated to projects more focused on the goals of FERIS?**

*SELECT ALL THAT APPLY*

DS: SHOW ONLY OPTIONS SELECTED AT F1 AND NOT SELECTED AT F10. IF F10 NOT ANSWERED, SHOW ALL SELECTED AT F1.

Encouraging or educating claimants to report changes of circumstances	1
Educating claimants about Housing Benefit more generally	2
Improving accessibility and responsiveness of Housing Benefit service	3
Working with other organisations to maximise the reporting of changes in circumstances	4
Maximising the use of available data and intelligence	5
Data matching of claimant records	6
Carry out random checks on Housing Benefit cases	7
Carry out targeted checks on Housing Benefit cases	8
Visiting claimants	9
Telephone reviewing	10
Postal reviews	11
Internal management or monitoring	12
Working with Automated Transfers to Local Authority System (ATLAS)	13
Working with Real Time Information (RTI)	14
IF F1 = 15 AND F10 ≠ 15: <F1_15 TEXT>	15
IF F9 = 16 AND F10 ≠ 16: <F9_16 TEXT>	16
None	17
Don't know	18

**Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

IF F15 = 1 TO 16 (ANY ACTIVITIES DECREASED IN SCALE OR ENDED DUE TO FERIS)

**F16 Which of these broad types of fraud and error in Housing Benefit did <TITLE> generally target with these activities you mentioned which you decreased in scale or ended due to FERIS?**

*SELECT ALL THAT APPLY*

Reducing deliberate fraud	1
Overpayments due to claimant error or lack of knowledge	2
Underpayment due to claimant error or lack of knowledge	3
Overpayments due to official error	4
Underpayments due to official error	5
Don't know	6

IF F15 = 1 TO 16 AND (F16 = 1, 2 OR 4 OR F16 NOT ANSWERED) (ANY ACTIVITIES NOT FOCUSED EXCLUSIVELY ON UNDERPAYMENT DECREASED/ENDED DUE TO FERIS)

**F17 And did the activities decreased in scale or ended due to FERIS generally target...**

*SELECT ALL THAT APPLY*

Overpayments and fraud in future new claims	1
Overpayments and fraud in recent claims, starting over the last 12 months or so	2
Overpayments and fraud in older claims, dating back further than 12 months	3
Don't know	4

ASK ALL

**F18 You identified the following barriers to implementing measures to reduce overpayment of Housing Benefit, whether due to fraud or error. Which of these has FERIS helped to address, if any?**

*SELECT ALL THAT APPLY*

DS: SHOW ONLY OPTIONS SELECTED AT F5, F7 OR F8. ALWAYS SHOW NONE AND DK.

**Research into the first phase of the Fraud and Error Reduction  
Incentive Scheme (FERIS1)**

Start-up costs	1
Staffing costs	2
Difficulty recruiting/retaining staff	3
Cost of technology required	4
Lack of knowledge or information	5
Impact of SFIS	6
Reduction in current or future direct receipts of Housing Benefit as a landlord	7A
Cost of direct refunds due to past long-term fraud and error in Housing Benefit as a landlord	7B
Potential costs of clawing back Housing Benefit from claimants and/or their landlords	<b>7C</b>
Financial impact on the <TITLE> of claimants and/or landlords unable to pay back past overpayments	7D
Potential for financial impact on other services provided by the <TITLE>[IF TITLE = 2: or its member authorities.]	7E
IF F7 = 6: <F7_6 TEXT>	7F
Impact on Housing Associations or relationship with them	8A
Impact on private landlords or relationship with them	8B
IF F8 = 5: <F8_5 TEXT>	8E
Potential negative impact on claimants unaware of past overpayments	9
Potential negative public reaction	10
Local political circumstances	11
IF F5 = 11: <F5_11 TEXT>	12
None of these	13
Don't know	14

## G Incentive effect of FERIS payments

ASK ALL

- G1 FERIS was in part designed to help the situation of Local Authorities who faced financial disincentives to reduce fraud and error in Housing Benefit claims.

Thinking now purely about the net income of the [IF TITLE = 1 TO 7:<TITLE>][IF TITLE = 2: local authorities involved in the shared service], what impact do you think reducing the following types of fraud and error would have on it? For this question, please ignore FERIS-related payments and the costs of initiatives to achieve these goals.

SELECT ONE PER ROW

	Net increase in income	Net decrease in income	No difference in income	Don't know
<b>Type of fraud or error</b>				
Deliberate fraud by claimants	1	2	3	4
Inadvertent claimant error	1	2	3	4
Official error	1	2	3	4
Underpayment or failure to claim entitlement	1	2	3	4
<b>Type of claim</b>				
Fraud and error in future claims	1	2	3	4
Fraud and error in recent claims (starting up to 12 months ago)	1	2	3	4
Fraud and error in older claims (starting more than 12 months ago)	1	2	3	4

DS: ASK G2 IN A LOOP FOR EACH G1\_# = 2, EXCEPT G1\_4

IF (A3 = 1 OR A3 NOT ANSWERED OR B3 = 1 OR B3 = 2 OR B3 NOT ANSWERED) AND G1\_# = 2 (FERIS REGISTERED OR FERIS APPLICATION SUCCESSFUL AND SEE DECREASE IN INCOME)

- G2 Now, assuming you meet the threshold for receiving FERIS payments, regarding <G1\_# LABEL>, do you believe all of the payments you receive from FERIS taken together, from the FERIS funds and from FERIS Housing Benefit administration subsidy payments, are likely to...

**Research into the first phase of the Fraud and Error Reduction  
Incentive Scheme (FERIS1)**

SELECT THE FIRST OPTION WHICH APPLIES

Exceed or equal all loss of income, all costs of running the projects, and any other resulting costs (e.g. impacts on other services)	1
Exceed or equal all direct loss of income and all costs of running the projects	2
Exceed or equal all direct loss of income	3
Fall short of that	4
Don't know	5

IF B3 = 1 OR B3 = 2 OR B3 NOT ANSWERED (ANY SUCCESSFUL BIDS)

- G3 Could you estimate what proportion of the total cost of all current activities carried out to combat fraud and error are funded by the FERIS funds you applied for, including the maintenance, start-up and bid funds?**

*SELECT ONE ONLY*

All	1
More than two thirds	2
One third to two thirds	3
Less than one third	4
None	5
Don't know	6

**Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

ASK ALL

**G4 Do you believe that the FERIS scheme as a whole, taking all aspects into account, both successful funding applications and the FERIS Housing Benefit administration subsidy payments, has had a positive or negative impact on the <TITLE>'s financial situation?**

Very positive	1
Slightly positive	2
No impact/impact too small to say	3
Slightly negative	4
Very negative	5
Don't know	6

## H Mechanism for calculating FERIS performance

Now we'd like to ask about the measurement mechanism and thresholds used to calculate FERIS Housing Benefit administration subsidy payments. First of all, we'd like to ask about the measurement mechanism itself, the means by which DWP measure performance in tackling overpayment and fraud, leaving the discussion of thresholds until later.

ASK ALL

- H1 **Thinking about the efforts to reduce fraud and error made by the <TITLE>, how well do you think the method of calculating FERIS Housing Benefit administration subsidy payment reflects the level of success you've had in combatting fraud and error?**

*SELECT ONE ONLY*

They reflect it very well	1
They reflect it fairly well	2
They don't reflect it particularly well	3
They don't reflect it at all well	4
Don't know	5

ASK ALL

- H2 **What would you say are the main factors which determine whether the <TITLE> meets FERIS thresholds?**

*SELECT ALL THAT APPLY*

IF B3 = 1 OR 2: Projects receiving FERIS funding from the bid fund, maintenance fund or start-up fund	1
Other activities started in reaction to FERIS	2
Activities ended in reaction to FERIS	3
SFIS	4
Changes in volume of Housing Benefit claimants	5
Changes in types of Housing Benefit claimants	6

**Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

Changes in funding levels unrelated to FERIS	7
Quality or accuracy of data used for measurement	8
Something else (PLEASE SPECIFY)	9
Don't know	10

IF H2 MULTICODED

**H3 What would you say is the single most important factor which determines whether the <TITLE> meets FERIS thresholds?**

*SELECT ALL THAT APPLY*

DS: SHOW ONLY OPTIONS SELECTED AT H2

Projects receiving FERIS funding from the bid fund, maintenance fund or start-up fund	1
Other activities started in reaction to FERIS	2
Activities ended in reaction to FERIS	3
SFIS	4
Changes in volume of Housing Benefit claimants	5
Changes in types of Housing Benefit claimants	6
Changes in funding levels unrelated to FERIS	7
Quality or accuracy of data used for measurement	8
IF H2 = 8: <H2_8 TEXT>	9
Don't know	10



**Research into the first phase of the Fraud and Error Reduction  
Incentive Scheme (FERIS1)**

IF H1 = 2, 3 OR 4 (SHORTCOMINGS IN FERIS PAYMENT CALCULATION)

**H4 What do you think the shortcomings of the measurement mechanism used by FERIS are?**

*SELECT ALL THAT APPLY*

WRITE IN	
Don't know	1

ASK ALL

**H5 Do you think the lower threshold for FERIS Housing Benefit administration subsidy payments in the 2015/16 scheme was...**

*SELECT ONE ONLY*

Much too high	1
A little too high	2
About right	3
A little too low	4
Much too low	5
Don't know	6

**Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)**

ASK ALL

**H6 Do you think the upper threshold for FERIS Housing Benefit administration subsidy payments in the 2015/16 scheme was...**

*SELECT ONE ONLY*

Much too high	1
A little too high	2
About right	3
A little too low	4
Much too low	5
Don't know	6

IF A3 = 1 OR A3 NOT ANSWERED (FERIS REGISTERED)

**H7 Has the <TITLE> reached the FERIS lower threshold during 2015/16?**

Yes	1
No	2
Don't know	4

IF H7 = 1 (REACHED LOWER THRESHOLD)

**H8 Has the <TITLE> exceeded the FERIS upper threshold during 2015/16?**

Yes	1
No	2
Don't know	3

## I Close

ASK ALL

- 11 Thank you, we are now at the end of the survey.

The Department for Work and Pensions (DWP) may wish to undertake follow-up research. Would it be OK for them or their appointed contractors to re-contact you to invite you to take part?

Yes	1
No	2

ASK ALL

- 12 IFF Research will pass responses from the survey back to DWP on an anonymised basis. However, to help improve the advice and support it offers to Local Authorities, DWP would like to be able to see the responses you have given linked to you and your <TITLE>.

Would you be willing for us to pass your responses back to DWP in this way?

Yes	1
No	2

ASK ALL

- 13 Could you confirm your name, job title, phone number and email address?

Name:	WRITE IN
Phone number:	WRITE IN
Job title:	WRITE IN
Email address:	WRITE IN

THANK AND CLOSE INTERVIEW

# Appendix C

## Local lessons from FERIS supported activity

### C.1 Introduction

This Appendix draws upon the case-studies and round table events to share lessons learned from Fraud and Error Reduction Incentive Scheme (FERIS) supported activity. It provides information on what worked well and in what contexts for specific local authorities (LAs), providing useful learning for others.

It is important to note that not all approaches work for all LAs. Those attending the round table events agreed there was no one-size-fits-all solution. There was wide variation between organisations in terms of:

- Availability of financial resources.
- Availability of staff.
- Scale of operations, from single two-tier district authorities to large shared services.
- Geographical variation in the types of fraud and error found in the caseload.
- The extent to which fraud and error was tackled in the years prior to FERIS.

This Appendix looks at four key themes from the research:

- Approaches to targeting cases for investigation.
- Using behavioural approaches.
- Tackling issues of scale.
- Reducing knock-on effects of fraud and error activity.

### C.2 Approaches to targeting cases for investigation

Most LAs undertook some work under FERIS1 which involved targeted reviews or interventions in Housing Benefit (HB) cases to uncover fraud and error.

The round tables and case studies explored the methods that LAs took to select which cases to target. Approaches taken included:

- **qualitative targeting:** using staff experience to target cases by claim type or claimant behaviour;
- **statistical targeting:** using in-house data on fraud and error to analyse and select target cases by claim type or claimant behaviour;

## Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

- **targeting using software:** buying in software to enable targeting of cases by claim type or claimant behaviour;
- **data matching using RTI (Real Time Information);** and
- **in-house or additional bought-in data matching.**

Each of these approaches is discussed in more detail below:

### C.2.1 Qualitative targeting

LAs taking this approach drew upon professional experience to identify cases where fraud and error may be likely. Typically, cases were targeted by type of income, family structure or employment situation. With this approach:

- Reported levels of success were variable.
- Success was often difficult to assess because it went hand-in-hand with a more qualitative approach to measurement of impact.
- Extensive experience of working with claims was a key driver of success, as the approach requires in-depth knowledge of the HB caseload.

#### **EK Services case study**

EK Services target their work at particular types of claims or claimant behaviour, rather than simply looking at every claim.

This is not done based on statistical analysis of claims data, but simply using the personal experience of staff. They feel this means they can trial new approaches on simpler claims, and focus on those more likely to respond to persuasion rather than enforcement. Most importantly, this reduces the level of work required per pound of fraud and error located.

*'If we'd gone after the hard core, [not reporting that their] partner moved in six years ago [for example], the message would have been very different – and we would have put a whole load of effort in and got less out of it.'*

(EK Services case study interview)

### C.2.2 Statistical targeting

Some authorities interviewed for round tables and case studies targeted claimants with particular types of claims or behaviour using statistical analysis.

One of the case study LAs did some sampling and statistical analysis of their caseload to target interventions, which improved the ratio of cases reviewed to cases of fraud or error found.

## Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

### **Wiltshire Council case study**

Wiltshire Council carried out a series of sampling exercises across different claims profiles to identify which types of cases were most likely to be at high risk of fraud and error. With this information, the team were able to assess which type of project was most likely to have a good return and offer good value for money. Those primarily classed as high risk from the sampling exercises were people who were earning, but had not contacted the HB team for over 12 months to inform them of their wages. The FERIS funds went towards agency assistance for carrying out the interventions.

*'We did some sampling around that. And the results were quite startling in some areas [of types of claim]. We could see that in some instances the savings we were going to achieve would be much higher in terms of reductions in benefits, than others.'*

(Wiltshire Council case study interview)

Another large case study LA took this a step further, and analysed the results of previous campaigns in financial terms to identify the cost-effectiveness of targeting different groups. Rather than simply identifying where the fraud and error existed they also looked at the cost of tackling that per case, further optimising their use of funds.

### **Southwark Council case study**

Southwark Council used FERIS1 funds on establishing an internal data matching system, bringing together external and internal data sources to find cases at high risk of fraud and error. The project lead used the data matching system, Business Objects provided by Northgate Arinso, to identify the areas where there was a high chance of customers not reporting their change in circumstances. Using this 'intelligent data' has proved an effective way of identifying which types of cases the council should focus their efforts towards; they found that targeting incomes below minimum wage and local housing allowance were particularly successful at generating HB reductions.

With this approach:

- Reported levels of success were generally high.
- However, success was perceived to be dependent on having staff with substantial in-house technical and statistical knowledge. Smaller LAs felt they could not realistically aspire to this.
- Consideration of cost-effectiveness per case investigated was often encouraged rather than focusing simply on number or value of claims tackled which led to improvements in efficiency. For example, one LA interviewed for the round tables found that they achieved a quick win by checking the rents charged by registered providers of social housing were correct on their databases. While this gained only a small amount per claim, it was very low cost and simple to carry out.

### **C.2.3 Targeting using software**

As noted above, targeting of claims by claim type or claimant behaviour was sometimes limited by technical knowledge. However, some software providers were able to assist with automating this process.

While there were some notable successes, several LAs attending the round tables encountered difficulties in using this software. Typically difficulties centred on a lack of flexibility or features in the software.

Since software was often used for many other purposes, any change in supplier involved substantial disruption and cost that some felt they could not justify. Some councils also reported being tied into exclusive contracts which meant they could not buy in any separate additional software.

*'We don't have a choice [of software providers]. We sign a contract with a provider for five to ten years. You can't change systems ... the product is whatever the software provider puts on the table.'*

(London round table)

Some LAs attending the round tables felt that the Department for Work and Pensions (DWP) could use their influence at a national level to persuade or fund software providers to improve compatibility between rival software packages and to include features useful for tackling fraud and error:

*'I wonder whether there need to be higher level negotiations between software providers and DWP, because at a LA level it's much more difficult ...'*

(Cardiff round table)

### **C.2.4 Data matching using RTI (Real Time Information)**

Data matching is an established part of tackling fraud and error in Housing Benefit, supported by DWP since 1996 with the Housing Benefit Matching Service (HBMS), and developing further in 2014 with the introduction of RTI, which enables government bodies to identify how much claimants are earning much more quickly.

All LAs receive a sample of RTI matches for their HB caseload and are required to investigate cases flagged as likely fraud or error; if they do not do so they must absorb the whole cost of any overpayment found, rather than the usual 60 per cent.

Experiences of working with RTI data were:

- Generally positive – many LAs attending round tables felt this was the best way to tackle fraud and error.
- Some LAs were cautious about taking on optional RTI report using FERIS1 funding because they were worried about what would happen if FERIS ended or a future FERIS bid for funding failed. They were worried that they would not be able to opt out of receiving the RTI matches again and might lose subsidy as a result.

## Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

- Some authorities felt the design of RTI was inefficient and time-consuming to use. RTI data quality was often compared unfavourably to HBMS data. Problems flagged by round table participants included regularly identifying false positives and flagging cases where the claim was in error by only a matter of a few pounds (which were not efficient to investigate), often due to zero hour contracts with wages which fluctuated too fast for systems to cope with them. It was felt by many LAs attending the round tables, and by some case study LAs, that some level of agreed tolerance needed to be built into RTI, regarding the size of the discrepancies in payment flagged. Some LAs said guidance from DWP would be appreciated on this point.

*‘The problem with what we’ve had so far with RTI is there’s so much rubbish in amongst it ... it takes you forever to wade through it. Everyone’s all for it as long as the quality of the data is good.’*

(Glasgow round table)

### C.2.5 Other data matching

Alternative data matching approaches were also available, for example, improving internal data matching, sharing of information about claimants within the LA, or buying in data from a third party.

The main findings relating to this approach were that:

- Few LAs had carried out data matching using external data; internal data matching was more frequently used.
- Approaches taken varied greatly, so it was not possible to generalise about successes and failings.
- Matching some data internally was felt to carry some risk in terms of negative publicity; for example, using potentially sensitive data from education and social services.
- Economies of scale were important; shared services and outsourcing contractors felt better placed to carry out this type of data matching.

One of the case studies, an outsourcing contractor, used leveraged economies of scale with this approach:

#### **Liberata case study**

Liberata is an outsourcing contractor that provides HB services to LAs across the UK. FERIS1 offered Liberata the opportunity to develop a comprehensive data matching system that uses around 25 data sources, including both public sector and commercial datasets. The wide variety of sources means that although individual types of matching may generate false positives, they can cross-match to spot these. Results from the matching are processed to produce a ‘risk score’ to assist in identifying cases to target for review. The FERIS1 work has allowed a much more accurate targeting of claims; they estimated that a case picked for review by their data matching method should be nearly three times as likely to find an error as a randomly selected case.



### C.3 Using publicity, behavioural change, or 'nudge' methods

As well as targeting individual cases for review, some case study and round table participants tried to influence the behaviour of claimants, to try to make them more likely to report changes in their circumstances. A wide spectrum of activities were undertaken within this broad category. These ranged from minor changes such as requiring claimants to sign a form declaring they would update their details to creating a multi-modal publicity campaign.

Some authorities reported great success with behavioural techniques:

*'We'd used behavioural change techniques previously in Council Tax and seen some quite staggering results from the public ... [FERIS] popped up and [we thought] this is perfect, we can use this money to invest, to actually roll this out across benefits as well.'*

(Case study interview)

While those using behavioural approaches were typically very enthusiastic about them, their ideas were seen as controversial by some of those attending round tables. There was some suspicion among participants that claims of successes in fact related simply to having more funding per claimant and conducting more interventions, rather than the design of the communications or publicity campaigns:

*'It seems to me that actually direct action, interventions ... however you choose them, [they] are going to be better than poster campaigns. It's very difficult to quantify what a poster campaign gives you in terms of results.'*

(London round table)

One of the simplest applications of behavioural techniques mentioned was to redraft letters; several authorities attending round tables had done this. Techniques that participants used ranged from a basic design review to analysing letter design using eye tracking to determine which parts of the letter would be most noticed by claimants.

The exact aim was not the same in all cases; one case study respondent aimed to get a high level of response to a mailshot aimed at a broad category of claimants, and achieved this by putting a post-it on the letter asking for a quick response. This caused a large number of people to call in immediately with changes to their claim, and also to come in to the council with proofs.

Another round table attendee had almost the opposite aim, to get a minimal level of response. For their project, they focused on the most clear-cut cases of overpayment, and rather than using the more aggressive language they had used previously (which they had previously found provoked a very high level of response, but overwhelmed their systems) they presented as much proof as they could in the letter. This reduced the amount of contact and the numbers of appeals significantly. This in turn substantially reduced knock-on effects within the department, on their debt collection functions, and on their legal department.

*'We'd write a letter to say, look, we received this file from HMRC [Her Majesty's Revenue and Customs] and it says you've had this ... change in income ... [it] wouldn't make [the letter] too long, but we've noticed an impact [on] how many of the customers come back now because it is irrefutable.'*

(London round table)

## Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

### Publicity campaigns

The idea of setting up a publicity campaign was among the most contested ideas discussed at the round table events. However, those who had carried out publicity campaigns, both round table and case study participants, were generally very positive about them.

Methods of delivery were key; for example, where a housing department or social landlord was sending out rent review letters, some round table and case study participants suggested including a message from the HB team. A common thread between successful publicity projects described at round tables and in case studies was working with stakeholders and across council departments.

*'We've done some publicity posters for [social landlords'] offices and almost retrained their staff, to make them aware of the sorts of stuff that tenants should be reporting to us ...'*

(Glasgow round table)

LAs found it particularly difficult to measure the impact on fraud and error of these types of intervention. LAs interviewed for round tables and case studies often said they saw results in terms of call volumes and in terms of the number of spontaneously submitted changes of circumstances. In one case reported at a round table event, the impact of a publicity campaign in one authority was noticed by the benefits team in a neighbouring authority, who hadn't changed anything in their own approach at the time.

#### City of York case study

The Council of York used the FERIS funds for a range of behavioural insight techniques, including launching publicity campaigns to encourage claimants to notify the council of changes. However, the campaign went beyond simple posters or adverts, spreading awareness of the need to report changes to a range of internal and third party organisations that come into direct contact with claimants. The concept was that these groups can pass on the message to claimants. The council had talks and meetings with customer-facing service teams, and external organisations such as the Citizens' Advice Bureau and local housing organisations. They felt this extra promotion has helped to make the publicity campaign particularly successful.

A number of LAs felt publicity campaigns could only work if organised at a regional or national level, particularly if they covered rural areas. The councils covering remote areas which attended round table events felt publicity campaigns were a non-starter for them.

## C.4 Tackling issues of scale

Many smaller authorities faced difficulties tackling fraud and error because they were unable to take advantage of economies of scale, and found it more difficult than larger authorities to recruit high quality staff. In the round tables, this was investigated further to explore the options for lessening this difficulty. Aside from suggesting modifications to FERIS to allow small authorities proportionately more funding, some authorities at the round tables had ideas for how small organisations could access economies of scale:

## Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

Various options LAs mentioned to tackle issues of scale included:

- outsourcing;
- sharing services and joint working; and
- sharing knowledge.

Each of these options is discussed in a little more detail below:

### C.4.1 Outsourcing

Outsourcing work to tackle fraud and error seemed particularly appealing to LAs where resources were being reduced:

#### **Liberata case study**

For Pendle Borough Council, working with Liberata offered a number of advantages; for a small authority it is difficult to retain the skills necessary to tackle benefit fraud and error effectively; the economies of scale were important in the decision to outsource, and outweighed factors such as the dilution of direct control:

*'[The outsourcing agency] have got a large shared service, a benefits division, so they've got a lot of expertise to call on. [The FERIS project] is a classic example – I don't think a council on its own could have done that sort of level of work. [Having said that] the initial driver was to cut costs – and that has been achieved and maintained for the last 11 years.'*

(Pendle Borough Council case study interview)

In some cases, as described in case studies and at round tables, outsourcing achieved many of the economies of scale which could otherwise only be achieved by a larger organisation. For example, successful outsourcing agencies were thought to have a greater ability to recruit skilled people and therefore to carry out technically complex projects.

Where authorities preferred to work in-house, the predominant reason given among round table participants was the cost of outsourcing. Some participants also felt there was a risk of being charged extra for anything not explicitly specified in the contract, which led to an element of financial uncertainty.

The size of Performance Improvement Fund (PIF) grant payments for the smallest authorities was reported at round tables to reduce the interest from potential contractors:

*'A lot of [small LAs] contacted us, and they said "can you take this problem away from us", [but] in some cases the funding [they could receive from FERIS] wasn't sufficient.'*

(London round table)

Those LAs attending round tables who outsourced work most effectively highlighted the need for tight controls and monitoring. Those signing with a contractor and not retaining in-house staff with sufficient knowledge to monitor them appeared more likely to encounter problems.

In addition, there were sometimes issues related to managing the interface between the contractor and authority. While LA departments tackling fraud and error sometimes designed their approach to limit or avoid knock-on effects on other parts of the authority, they felt outsourcing contractors would not tend to do this.

## Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

A few authorities mentioned that they, and their councillors, had not considered outsourcing because they were determined to protect jobs within the local areas by keeping their work in-house.

### C.4.2 Joint working and shared services

Some LAs attending the round tables had worked jointly to reduce burdens on individual authorities. For example, one authority had an agreement with a neighbouring smaller authority to provide staff hours toward its work to tackle fraud and error. Other LAs had collaborated with other organisations to put together bids to the FERIS PIF grant funds which they would not have been able to carry out alone.

However, at one of the round tables an LA mentioned a FERIS project which had failed due to a breakdown in informal joint working between neighbouring LAs. There was also another instance of significant tensions over staff resources between partner organisations in a joint project, illustrating the need for detailed planning of these types of arrangement.

Some authorities that took part in the research took joint working a step further and operated a formal shared service. In round table discussions and case studies, those working in shared services tended to be positive about the impacts of this.

*'[Merging into a shared service] is a huge job, yes – but we've already started, and we can see the benefits of [it] and the financial savings longer term are just tremendous.'*

(Birmingham round table)

#### **EK Services case study**

EK Services is the partnership between three LAs in north east Kent. Working as a shared service enabled a larger FERIS1 bid to be created, with the sums involved being large enough to support employing a specific member of staff on secondment to specifically manage the FERIS1 work. This dedicated staff member was critical in enabling them to 'step back' from the day-to-day operations of the existing service and to take a strategic view of how it could develop in the long term. EK Services also bid for behavioural methods for tackling fraud and error, and being a shared service meant different approaches could be tested on a small scaler, typically in one geographical area, before being rolled out across all three authorities.

### C.4.3 Sharing knowledge

Two of the case study authorities reported that they had specifically made efforts to spread their knowledge to neighbouring authorities, with some success in generating improvements.

Some authorities attending round table events called for more similar events to encourage knowledge sharing. These calls came both from those who felt they had ideas to share, and those who felt they were limited in the work they could do by a lack of resources for experimentation, or a lack of in-house knowledge:

*'For me, meeting other people from other authorities and finding out what they are doing and the success that they have had ... has been absolutely brilliant ... I don't normally get to sit with [other authorities] and talk about these kind of issues, and you think you are working in isolation.'*

(Leeds round table)

## **C.5 Tackling knock-on effects**

One of the issues discussed repeated in the research was the issue of FERIS1 activities to tackle fraud and error resulting in ‘knock-on’ effects for other parts of the LA which could act as a brake on activities.

This was explored further in the round tables. Knock-on effects of tackling fraud and error encountered by participants included:

- increased load on call centres and reception desks;
- costs of chasing unpaid claimant debt; and
- handling court appeals.

Many participants believed that there was no way to limit these effects other than by reducing activity to tackle fraud and error. However, others had found other approaches to reducing or handling knock-on effects. These included:

- restructuring the organisation to keep fraud and error identification and the resulting knock-on effects in one team;
- involving departments affected by the knock-on work in the bid process;
- encouraging the use of digital channels; and
- selective chasing of cases targeted.

Each of these strategies is discussed in more detail below:

### **C.5.1 Keeping fraud and error in one team**

In the case study and round table respondents, organisations which kept the various elements of FERIS within one team tended to be more confident in their approaches to tackling fraud and error.

For example, one LA attending a round table event said they rotated assessors between telephone handling and assessment roles. Those carrying out assessments and planning work to tackle fraud and error were therefore more familiar with the impact on call volumes. As a result, they could take this into account when planning, and were incentivised to do so because of the impact on their own workload.

In addition, they felt that having an overview of the process rather than carrying out a single specialised task gave staff a feeling of ownership; the team were focused on tackling fraud and error, rather than on simply following a process:

*‘By containing it in a team people actually “own” the work, and try to do it properly.’*

(Birmingham round table)

However, there were occasions where merging teams was not always possible. For example, knock-on effects of tackling fraud and error sometimes extended to separate departments or external organisations providing social housing.

However, as one round table participant pointed out, if a system of information sharing regarding claimants were put in place between departments and relevant organisations, this could reduce the number of calls and documents the council needed to deal with overall.

## Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

### City of York Council case study

To realise efficiencies, City of York Council reorganised how the call centre worked, enabling one team to deal with multiple benefits and handle cases from start to finish. At the same time, they increased training around HB, and created a dedicated role for a member of staff to co-ordinate the approach to HB fraud and error under FERIS.

*'I felt it was a real opportunity to address the issue – overall it couldn't have come at a better time.'*

(City of York Council case study interview)

The team at City of York Council felt that while the FERIS funding had provided a catalyst for change in the council's approach to fraud and error, it wasn't the only reason for recent successes; building a good and motivated team was equally important.

### C.5.2 Cross-department involvement in the FERIS bid process

Some round table and case study attendees suggested that where a high level team representing multiple departments was involved in the FERIS bid, rather than it being compiled entirely within the fraud and error team, knock-on effects could be substantially reduced (or at least planned for).

Two case studies prominently featured early leadership at a director level within the organisation, which meant that knock-on effects were identified early and the responsibility for them resolved more easily. This was in contrast to the approach described by some round table attendees, who felt it was better to exclude departments likely to suffer from knock-on effects from the FERIS bidding process in case they attempted to block projects.

*'Our head of service has responsibility for it all. So she's got conflicting priorities and everything. So one team says "go on, create the overpayments" and the other team says "oh God, we're struggling to collect it". We're dealing with people who are on the lowest [levels] of income and haven't got the ability to pay, even if you can find them ... So it's difficult to get that money back to balance the books ...'*

(Birmingham round table)

### C.5.3 Improving the accessibility of the service

Many round table participants felt improving service accessibility and encouraging claimants to make use of digital channels was a successful approach to limiting knock-on effects for other departments.

#### Use of online forms

Some authorities had created or were in the process of creating online forms to allow claimants to report changes of circumstances.

*'We've contained [the knock-on effects] because we've said "if you want to report something, in the first instance go online."'*

(London round table)

## Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

In some cases, LAs allowed submission of scanned proofs online, which allowed for further automation of procedures:

*'You get things through from people a lot quicker, young people, working-age people. It speeded up our processes an awful lot ... it goes through while that claim is sitting in someone's tray waiting to be dealt with.'*

(London round table)

However, this use of online forms and mobile phone apps was contested as a legitimate approach, and many authorities felt unsure whether evidence collected in this way would pass an audit:

*'We are really pushed to accept [the] bare minimum by directors. We are really flirting with auditors here.'*

(London round table)

Many LAs at round table events said they would welcome guidance from DWP regarding this, and that this might unlock further efficiencies in dealing with claims.

In addition, some round table and case study participants felt that they could not financially support multiple forms of contact. Therefore, they believed any move online would have to be accompanied by immediate closure of other forms of contact, which they felt would not be politically viable.

However, one authority attending a round table event reported that 95 per cent of updates to claims now came through their online form, despite not actively seeking to close alternative routes.

### **EK Services case study**

FERIS funding went towards EK Services' development of an online form for reporting changes in circumstances, which included a facility for submitting smartphone photos of documentation. Previously, claimants would have had to bring in documents proving income or post them; this removes a barrier to updating their claim, and is particularly useful for those with fluctuating incomes.

*'That was the whole aim – remove every potential barrier for everybody. Not having a stamp is a barrier for somebody sending something back to us ... [that approach] has been deployed throughout the business.'*

(EK Services case study interview)

EK Services found that in general online reporting has been far more effective than a telephone hotline for reporting changes in circumstances. They have shared these results with other LAs as part of events they run to help other councils make the best use of FERIS funding.

### **Emailing and texting claimants**

Some authorities had found emailing claimants to be effective in channelling contact online or at least towards dedicated telephone lines and therefore limiting knock-on impacts on other departments.

## Research into the first phase of the Fraud and Error Reduction Incentive Scheme (FERIS1)

Some round table participants had also found automated texting of claimants to remind them to update their details successful but this was more likely to generate telephone calls than emails and hence more likely to cause knock-on impacts.

Both these approaches relied on having good quality up-to-date contact details other than postal addresses for claimants which not all LAs had.

### Wiltshire Council case study

In the past, a significant difficulty for HB staff was being able to get a hold of claimants over the phone due to wrong numbers or their not answering. The team at Wiltshire Council have improved the capture of claimant contact information by requesting an up-to-date phone number or email address every time claimants call in or when they access the phone app. They have found this has greatly helped their efficiency in recontacting claimants.

## C.5.4 Selective chasing

At some round tables, LAs suggested ways of reducing knock-on effects by carrying out campaigns, by post, text, telephone or email, but then not chasing non-response to this contact. This was a departure from standard practice for most authorities attending round tables, who had traditionally made significant efforts to contact claimants and discussed the situation with them before terminating a claim.

### Selective chasing: taking a tough approach

Some authorities had decided that to save funds and reduce knock-on effects within the team that, after a given period, they would terminate the claim or stop the payment associated with a particular part of the claim under investigation without seeking to make further contact. This did generate contact from legitimate claimants, but some LAs felt handling these calls involved less work than chasing a response from all claimants.

This approach achieved a quick win in terms of fraud and error and did cut initial costs:

*'If things didn't come back [in response to an intervention letter] we just removed the childcare costs from when we last saw evidence of the childcare costs on a claim. So obviously that did create big overpayments ... I must say [for] a lot of them, the decision was correct.'*

(London round table)

However, this could generate significant hostility among claimants and local stakeholders:

*'Some of them will come back to you six months down the line because their landlord's given them a "seeking possession" letter [because] the rent hasn't been paid for six months. And then you go back and look at the whole history again, and [by then] the local MP's involved and it's all that work.'*

(London round table)



### **Selective chasing: non-investigation**

Another group of LAs sent out similar letters requesting information, but instead of terminating claims after a given period, they simply left the claims of non-responders unaltered. Hence those who did not respond to the mailing were not necessarily investigated at all.

Proponents at round tables pointed out this achieved significant HB reductions given the limited staff time required, sometimes even on 'difficult' self-employed claims which might otherwise be deprioritised given the resources required to investigate them:

*'[We say to taxi drivers] "show me when you work ..." then "OK, give me just your petrol receipts, I just want to look at your petrol receipts ..." and there's a discrepancy here. The claim just goes away. What we do is we identify it and then obviously they don't pursue their claim ... [Assessors] just find it so difficult to look at those sorts of cases retrospectively. I haven't had anything come back.'*

(Leeds round table)

Other LAs, however, found this approach unethical as they felt it constituted letting those committing fraud get away with it. In addition, there was some doubt among others as to whether this approach would be considered legitimate by DWP. Some said guidance from DWP would be helpful in this area.

### **Selective chasing: tackling parts of claims**

Each HB claim typically involves several elements, for example, relating to earned income, pension income, other benefit income, residency and household composition. Some authorities at round tables felt that rather than targeting individual claims and checking all elements of these, it reduced knock-on work to check and correct just one of these elements across a large number of claims at once. Where an error was found in a claim regarding that element, it would then be updated, without looking at any other elements of the claim.

Proponents argued that this was highly efficient, targeting 'low hanging fruit', or those elements of claims with the best balance of overpayment reclaimed against work involved for the LA:

*'We've got some of our assessors who will dig, dig, dig until they find something. And we've said to them: no. Just action the rent increase and get on with it.'*

(London round table)

However, many LAs felt it was unethical or against DWP rules to correct one element of a claim without doing a full review and investigation of all aspects of the claim. There was a widespread belief that claims reviewed for any reason should always be correct in all respects after any review.

*'I'm an assessor, I expect that in any assessment ... Now you could look the other way – but that would be wrong!'*

(London round table)

This is a further area where some authorities felt guidance from the DWP might help.

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