

Housing Benefit Circular

Department for Work and Pensions
Caxton House, Tothill Street, London SW1H 9NA

HB A7/2017(REVISED)

ADJUDICATION AND OPERATIONS CIRCULAR

WHO SHOULD READ	All Housing Benefit staff
ACTION	For information
SUBJECT	Right Benefit Initiative 2017/18

Revision

We apologise for any inconvenience caused but this circular is being reissued with amended guidance under the headings 'Optional RTI referrals' (paras 23 to 35), and 'Performance Monitoring' (para 45), there is a new section 'Optional RTI referrals – subsidy arrangements'. We have added to the original list of Frequently Asked Questions, clarified our advice at Q7 and removed the original Q10.

Guidance Manual

The information in this circular does not affect the content of the HB Guidance Manual.

Queries

If you

- **want extra copies** of this circular/copies of previous circulars, **they can be found on the website at** <https://www.gov.uk/government/collections/housing-benefit-for-local-authorities-subsidy-circulars>
- have any queries about the
 - **technical content** of this circular, contact feris.team@dwpgsi.gov.uk or
 - **specific queries relating to the issue and processing of Optional Real Time Information referrals**, contact la-sst.hdd@dwpgsi.gov.uk
 - **distribution of this circular**, contact housing.correspondenceandpqs@dwpgsi.gov.uk

Crown Copyright 2017

Recipients may freely reproduce this circular.

Contents

para

Right Benefit Initiative 2017/18

Introduction1
Summary of key changes4
Right Benefit Initiative funding.....6
Operating the scheme - opting-in.....10
RBI initiative activities15
Improving the accuracy of fraud and error estimates22
Optional Real Time Information referrals23
Optional Real Time Information referrals- subsidy arrangements.....36
Mandatory Bulk Data Match Real Time Information.....38
Reviewing earnings and self-employment cases39
Reviewing cases with irregular earnings40
Performance monitoring.....41
Engagement with local authorities46
Recovery of unspent funds50
Other fraud and error activities.....51
Questions.....54
Right Benefit Initiative - Frequently Asked Questions Annex A

Right Benefit Initiative 2017/18

Introduction

1. As part of the continued drive to reduce Housing Benefit (HB) fraud and error we are continuing to provide local authorities (LAs) with funding, in addition to the HB administration subsidy, to target key areas of fraud and error. The Right Benefit Initiative (RBI) funding for 2017/18 is to specifically incentivise LAs to target the highest area of fraud and error in HB, namely 'earnings'.
2. RBI replaces the Fraud and Error Reduction Incentive Scheme (FERIS) for 2017/18, and will commence from 1 April 2017.
3. This circular provides detail on the 2017/18 initiative.

Summary of key changes

4. The Department for Work and Pensions (DWP) has designed the new initiative in consultation with the LA Association Steering Group (LAASG) and volunteer LAs. The aim of RBI is to maximise the return on the available investment, target LA activity on specific areas and remove elements of the previous schemes which were unattractive to LAs.
5. The main changes between FERIS and RBI are summarised as follows:
 - all funding will be paid in a single upfront payment, with no additional incentive payments linked to performance based on previous levels of HB fraud and error
 - a simple opt-in process to confirm an LA wishes to be included in the initiative
 - LAs will be asked to complete specific actions in return for the up-front funding, rather than being required to provide detailed individual action plans
 - funding to be based on the HB earnings caseload rather than a percentage of the HB administration subsidy.

RBI funding

6. There is a total of £17 million available in funding to help LAs to invest in extra resources to target earnings fraud and error.
7. As RBI focuses on earnings cases, funding has been apportioned across LAs based on the earnings caseload, which includes occupational/non-State Pension customers. There is a de-minimus of £5,000 for smaller LAs.
8. The funding will be paid as a one-off upfront payment. More detail on the funding, along with the individual LA amounts, is provided in HB S6/2017.
9. LAs will be expected to spend the funding on staffing costs that are additional to business as usual HB costs. This follows the same principle as previous FERIS

arrangements and includes seconding people from other areas of the LA, backfilling, recruitment, temporary staff or the payment of overtime.

Operating the initiative - opting-in

10. A launch letter was issued to the current FERIS contacts on 27 March 2017. This letter contained the detail of the available funding along with the estimated number of Optional Real Time Information (RTI) and mandatory Bulk Data Match (BDM) RTI referrals an LA will receive in 2017/18.
11. The deadline for opting-in or out to the initiative is the 21 April 2017. Funding will be paid to an LA as soon as possible following receipt of the confirmation they wish to opt-in to RBI. Late applications for funding will not be considered.
12. LAs are required to email feris.team@dwp.gsi.gov.uk to state whether they wish to opt-in or opt-out of the initiative. There is no requirement for LAs to document how they will use the funding or need for sign-off from the Section 151 officer, or equivalent.
13. Where LAs have not indicated they wish to opt-in to RBI, Housing Delivery Division's (HDDs) Performance Development Team (PDT) may contact LAs in early April 2017 to offer assistance with the opt-in process.
14. LAs will receive confirmation that they have opted-in to RBI.

RBI activities

15. LAs are directed to focus purely on combating incorrect earnings by using the RBI funding to process Optional RTI referrals.
16. Additional capacity after processing all your Optional RTI referrals in any given month should be directed, in the order stated below, towards reviewing:
 - self-employed earnings where a new set of accounts is available since the last HB entitlement calculation
 - earnings cases which have not been reviewed for more than 12 months.
17. Once LAs have access to the RTI service User Interface (UI) they should also look to complete:
 - reviews of irregular earnings patterns using HM Revenue and Customs' (HMRC) Pay As You Earn (PAYE) information
 - RTI service fluctuating earnings alerts.
18. It should be noted some of the functionality around irregular earnings and RTI service alerts will not be available from 1 April 2017.
19. When the fluctuating alert business rule is switched on LAs will be required to process RTI service alerts once all their Optional RTI referrals have been cleared.

20. If the RTI service alerts business rule is not switched on during 2017/18 LAs should continue with the activities specified at paras 15 to 16 above.
21. For more information on the Wider use of RTI (WURTI) rollout LAs should refer to the recent letter issued 14 Feb 2017 to LA Revenues and Benefits Managers on WURTI implementation for 2017/18, or email the WURTI Project at: wideruseof.rtisupport@dpw.gsi.gov.uk

Improving the accuracy of fraud and error estimates

22. To maintain the accuracy of the DWP fraud and error estimates we request that LAs check the DWP Performance Measurement team's assessment of error on the cases sampled for their LA. LAs should use the agreed process for challenging any assessment which the LA considers to be incorrect.

Optional RTI referrals

23. It is difficult to estimate exact monthly volumes of Optional RTI cases at individual LA level. However, the profiles for the total number of Optional RTI and BDM RTI referrals provided in the recent launch letter represent our best estimate and may be subject to change.
24. LAs should use the RBI funding to process as many Optional RTI referrals as possible within the capacity that funding provides. LAs will not be penalised where the monthly volumes exceed funded RBI resource capacity. PDT will consider such resource issues when monitoring LA performance.
25. To support RBI, DWP has agreed with HMRC to gradually increase the volume of RTI data returned for HB cases between May and August 2017. This will increase the number of Optional RTI referrals provided to LAs in comparison to 2016/17. The estimated volumes of referrals for each individual LA, which have been provided in the RBI launch letter, reflect this increase.
26. It is only the earnings element of the claim LAs should review. The earnings information required to reassess the HB claim should be available as part of the Optional RTI referral. Other aspects of the claim should only be reviewed if an LA has reason to believe other elements of the claim may have changed.
27. It should be noted that the data provided in the Optional RTI referrals is not matched in 'real time' and that cases are re-presented for selection on a four weekly cycle. This means that depending on the number of BDM RTI referrals available in subsequent months, the recycled Optional RTI referrals may or may not be reissued. However, some actioned cases could also be re-presented because of this four weekly cycle.
28. HDD will review RBI, including Optional RTI referrals and the data match frequency and, as part of this review, will identify if improvements need to be made.
29. We aim to ensure that a significant proportion of referrals result in a change to HB entitlement and are adding value. If LAs have evidence that a significant

proportion of referrals are not resulting in a change or adding value, they should follow the incident management route detailed in circular [HB A5/2016](#).

30. Where an LA chooses to opt-in to RBI but they do not currently receive Optional RTI referrals, they should state they wish to receive Optional RTI referrals when they provide their RBI opt-in confirmation. You will receive confirmation that you have opted-in.
31. LAs should be aware that if they already have access to Optional RTI referrals, but do not wish to opt-in to the RBI, the Optional RTI referral delivery will still continue.
32. More information on Optional RTI is available in the recently issued [RTI awareness aide for local authorities](#) which was developed as a result of LA feedback.
33. From April 2017 all LA IT suppliers (with the exception of Sedgemoor and Calderdale) will have provided an automated solution to deal with Optional RTI files. This will assist LAs in dealing with referrals more quickly than before. Any queries about this automation should be directed to your individual IT supplier.
34. As LA IT suppliers have provided an automated solution for dealing with Optional RTI files, the whole Optional RTI file is now automatically uploaded to the LA IT system. As a result an LA now has to select, based on rankings, the individual cases they wish to process. Optional RTI cases will remain optional to complete.
35. Any cases not selected for processing will be automatically deleted by the IT suppliers.

Optional RTI referrals – subsidy arrangements

36. Guidance in paragraph 37 supersedes the information provided in paragraphs 17 and 18 of circular HB A5/2016. This amendment is in respect of Optional RTI referrals only.
37. For the purpose of HB subsidy arrangements the four-week easement commences from the point the LA selects a case making it available for HB staff to process. Where an LA does not select a case to process from the Optional RTI file there is no subsidy implication.

Mandatory BDM RTI

38. Mandatory BDM RTI referrals, which attract New Burdens funding, will continue to be issued and LAs are required to continue to action them as business as usual, regardless of whether they opt-in to RBI.

Reviewing earnings and self-employed cases

39. Where an LA has additional capacity after processing all their Optional RTI referrals in any given month they are asked to review cases where the claimant or partner is:

- self-employed and there have been no changes to earnings on their HB claim in the last 12 months
- employed and there have been no changes to earnings on their HB claim in the last 12 months.

Reviewing cases with irregular earnings

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

Performance monitoring

41. DWP will monitor the volume of referrals processed, cases reviewed and outcomes through the Single Housing Benefit Extract (SHBE) for each authority.
42. It is imperative that LAs ensure compliance in the accurate completion and recording of information on their respective IT systems, to enable the accurate capture of management information (MI). A specific focus should be given in the recording:
- the date fraud and error detection activity started
 - the outcome of fraud and error activity
 - if the activity did not result in a financial adjustment, select a reason from the options available
43. Ensuring compliance with the above will safeguard the accurate recording of MI, obtained through SHBE, and reduce any DWP contact to ensure that the RBI required actions are completed.
44. LAs should refer to existing LA IT Supplier guidance to ensure the information is set correctly, in turn, ensuring the correct MI is provided to DWP.
45. This guidance for completion of SHBE 'R' fields supersedes Bulletin HB G9/2016 (paras 25 and 26) which stated that only SHBE 'D' records were required for Optional RTI MI purposes.

Engagement with LAs

46. By opting-in to RBI LAs are agreeing to conduct the activities outlined at paras 15 to 20. As a priority, LAs should use the RBI funding to process as many Optional RTI referrals as possible within the capacity that funding provides. With the enhanced automation we expect each referral will take 45 minutes on average to process. We anticipate that after the first four to five months the backlog of earnings changes will have been actioned and Optional RTI referrals will be for new changes only. At this point we estimate it will take an average of 30 to 35 minutes to process an Optional RTI referral.

47. Where it is considered an LA has low levels of productivity, for example, the volume of Optional RTI referrals processed is not as expected for the capacity RBI funding has provided, HDD will engage and work collaboratively with the LA to understand the reasons for low productivity and agree any mitigation action.

48. The escalation route for this engagement is:

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

49. LAs may wish to maintain some MI around the resources they are putting in place to support RBI, especially staffing costs. This may help in any discussion around performance with PDT.

Recovery of unspent funds

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

Other fraud and error activities

51. Other business as usual fraud and error activity should continue as normal.

52. LAs currently using FERIS Maintenance Funding for proactive activities should now refocus their priorities and use RBI funding to focus purely on combating incorrect earnings and process as many Optional RTI referrals as possible. We expect LAs will deliver a better hit rate finding more HB changes in entitlement as a percentage of cases reviewed using Optional RTI referrals than the more traditional types of HB review.

53. FERIS Maintenance Funding has previously been used to fund IT enhancements and developments and allowed LAs to extract data which, in turn, has enabled priority cases to be investigated. However, as the focus is now moving to using

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

Questions

54. The launch letter issued on 27 March provides details of the conference call event HDD will be holding for LAs on 3 April 2017 at 1.00 to 2.00pm. This is to give LA staff involved in RBI the opportunity to raise any questions.
55. Annex A provides a number of frequently asked questions. LAs can also raise any additional questions via email to: feris.team@dpw.gsi.gov.uk and a member of the team will respond within 5 working days.

Right Benefit Initiative - Frequently Asked Questions

Q1: Why is Right Benefit initiative (RBI) just focusing on earnings?

A1: The latest published HB fraud and error national statistics for 2015/16 indicate that earnings related fraud and error accounted for around £560 million which is 40% of the total estimated HB Monetary Value Fraud and Error. In view of this, RBI funding will be used to combat earnings fraud and error more effectively. LAs should use RBI funding to process as many Optional RTI referrals as possible.

LAs should still continue with other business as usual fraud and error activity.

Q2: How has RBI funding been allocated?

A2: As RBI focuses on earnings cases, funding has been apportioned across LAs based on the earnings caseload, which includes occupational/non-State Pension customers. Two weightings have then been applied to account for the differences in hiring labour across the country and the forecasted decline in caseloads due to Universal Credit. Funding has not being broken down or allocated for specific activities.

Q3: There was an additional amount of Maintenance Funding available for London LAs, so do they get an additional amount under RBI?

A3: There is no specific additional amount allocated to London LAs, however the labour weighting factor (which was also used in the HB administration subsidy calculation) accounts for the differences in hiring labour across the country and London LAs have a much higher weighting than the LAs, for example, in the North East of England.

Q4: Why is an LA's funding different to their previous FERIS funding for 2016/17?

A4: As RBI focuses on earnings cases, funding has been apportioned across LAs based on the earnings caseload. Large differences can occur for a number of possible reasons. FERIS 2 Maintenance Funding was based on total caseload so an LA's allocation could fall if;

- their total caseload has fallen considerably since the point in time we calculated the FERIS 2 amounts
- the LA has a smaller than average proportion of their caseload in earnings or occupational pension
- their forecasted caseload is expected to fall significantly over 17/18 due to Universal Credit.

Q5: Optional RTI referrals also include occupational pension referrals. Will occupational pension referrals continue and, if so, are LAs expected to deal with these as they are not specifically for earnings?

A5: Yes. The RBI funding allocation is allocated using the LAs' earnings caseload, which includes occupational/non-State Pension information. Optional RTI referrals

will continue to contain earnings and occupational/non-State Pension details and LAs are being asked to process as many of these Optional RTI referrals as possible.

Q6: Can you advise how many Optional RTI referrals you expect an LA to complete each month; for example, is it 50, 60 or 70%?

A6: We are asking LAs to use RBI funding to process as many Optional RTI referrals as possible within the capacity the funding provides. With the enhanced automation we expect each referral will take on average 45 minutes. Feedback from LAs indicates that on average 1 member of staff can complete 9 Optional RTI referrals per day.

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

We do expect for some LAs the total estimated volumes of Optional RTI referrals may exceed the capacity that RBI funding provides.

When monitoring performance the Desk Based Engagement Team will identify the volumes of referrals we expect an LA to process each month based on the funding they have received and the average time taken to complete Optional RTI referrals against the volume of referrals actually completed.

Q7: What if I receive too many Optional RTI referrals to action in any given month?

A7: In any given month where the volume of Optional RTI referrals received, exceeds the capacity of the LAs RBI funded resource, any un-actioned cases will be returned to HMRC for data matching in the following month. This means that depending on the number of BDM RTI referrals available in subsequent months, the recycled Optional RTI referrals may or may not be reissued. The LA should complete the referrals in the order they are ranked within the monthly files, with #1 as highest priority, representing the greatest discrepancy in earnings related data held on respective LA and HMRC systems.

Q8: How long can an LA keep the referrals without actioning them?

A8: LAs should adhere to the data protection guidance provided in [A5/2016](#), along with their Memorandum of Understanding.

Q9: How does the Optional RTI ranking work?

A9: The referral provides detail of discrepancies between earnings/non-State Pension/earnings data, using HMRC's RTI and HB caseload declared earnings held on LA IT Systems and reported to DWP via SHBE. The highest discrepancy is ranked as #1. LAs can have referrals with the same ranking number. This indicates that the discrepancy amount is the same for all those referrals with the same rank.

Q10: What MI do I have to provide to ensure compliance?

A10: MI will be automated, so LAs will need to ensure they accurately record information on their IT Systems in line with process guidance. A specific focus should be given in the recording of:

- the date fraud and error detection activity started
- the outcome of fraud and error activity
- if the activity did not result in a financial adjustment, select a reason from the options available.

LAs should refer to existing LA IT Supplier guidance to ensure the information is set correctly, in turn, ensuring the correct MI is provided to DWP.

Additionally, LAs may wish to maintain some MI around the resources they are putting in place to support RBI, especially staffing costs. This may help in any discussion around performance with PDT.

Q11: Where can I get more information about WURTI?

A11: LAs should refer to the recent letter issued 14 Feb 2017 to LA Revenues and Benefits Managers on WURTI implementation for 2017/18, or contact the WURTI Project via: wideruseof.rtisupport@dwp.gsi.gov.uk

Q12: We have our own assessment of HB claims that puts other areas at a higher priority than Optional RTI, should we continue to action these cases?

A12: LAs should use RBI funding to target earnings related fraud. However, other business as usual fraud activity should continue as normal.

Q13: When will WURTI alerts be issued?

A13: The RTI service alerts business rule will not be switched on before autumn 2017. The WURTI project will provide updates to LAs in due course.

Q14: What is the cut-off date for LAs to opt-in to RBI?

A14: The deadline for opting-in or out of the initiative is the 21 April 2017. Funding will be paid to an LA as soon as possible following receipt of the confirmation they wish to opt-in to RBI. Late applications for funding will not be considered.

Q15: We are using the current FERIS funding to undertake proactive intervention activity, can this continue?

A15: LAs currently using FERIS Maintenance Funding for proactive activities should now refocus their priorities and use RBI funding to focus purely on combating incorrect earnings and process as many Optional RTI referrals as possible.

We expect LAs will find more HB fraud and error changes to HB entitlement by following the required RBI actions, including completing Optional RTI referrals and review of earnings where a change has not been notified for 12 months or more.

Q16: Can RBI funding be used to fund ongoing IT maintenance costs?

A16: FERIS Maintenance Funding has previously been used to fund IT enhancements and developments which has allowed LAs to extract data which, in turn, has enabled priority cases to be investigated.

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

Q17: I have Opted-in to RBI but have not received my Optional RTI referrals in April, why?

A17: DWP need to set up the referrals for delivery before the mid-April delivery date. If you were not already receiving Optional RTI files in 2016/17 you will have to wait until May 2017 to receive your first Optional RTI referrals. If you have any other queries about the Optional RTI referrals please refer to circular HB [A5/2016](#), which also includes incident management procedures.

Q18: When will the new RBI file be received?

A18: There is no RBI file. Optional RTI files are delivered alongside the RTI BDM files and are clearly marked 'Optional'.

Q19: What is the expected timetable for receiving Optional RTI files?

A19: The Optional RTI files are delivered alongside the RTI BDM files and are clearly marked as Optional. RTI BDM and Optional RTI files should be issued between days 17 and 24 each month.

Q20: Why have we received more optional RTI files than stated in our 'opt in' confirmation letter?

A20: It's difficult to estimate exact monthly volumes of Optional RTI files at individual LA level. However, the profile for the total number of Optional RTI provided in the 'opting-in' confirmation letter represented our best estimate and may be subject to change.

Q21: LAs do not receive mandatory RTIs during the months of February, March or April, does this apply to optional RTIs as well?

A21: Optional RTI files will continue to be sent during this period to LAs that 'opted-in'.

Q22: I have not received this month's BDMs or Optional RTIs, what shall I do?

A22: Please refer the query to la-sst.hdd@dwp.gsi.gov.uk. If files are late being issued a process is in place where a message is placed on Glasscubes to advise LAs.

Q23: What is the process for dealing with Optional RTI cases when an LA hasn't been able to select cases within the month they are provided?

A23: Cases not selected for processing by the LA will be automatically deleted by the LA IT Suppliers. These cases will have no implication on HB subsidy.

Q24: When does the four-week easement date commence for processing Optional RTIs?

A24: The four-week easement commences from the point the LA selects the case making it available for HB staff to process.