

## Housing Benefit Circular

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

# HB A2/2016

### ADJUDICATION AND OPERATIONS CIRCULAR

<b>WHO SHOULD READ</b>	All Housing Benefit staff
<b>ACTION</b>	For information
<b>SUBJECT</b>	Extension of Fraud and Error Reduction Incentive Scheme 2016/17

### Guidance Manual

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

### Queries

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# **Extension of Fraud and Error Reduction Incentive Scheme**

## **Introduction**

1. Following the delivery of the Housing Benefit (HB) Fraud and Error Reduction Incentive Scheme (FERIS), as part of the HB Initiative Project in 2014/15, additional funding has been secured in the Spending Review 2015 to extend the Scheme to 2016/17 and 2017/18. FERIS will continue to incentivise local authorities (LAs) to reduce fraud and error (F&E) by undertaking additional activity to detect and correct HB F&E.
2. This circular provides detail on the 2016/17 Scheme. We will provide more detail on FERIS 2017/18 in due course.

## **Summary of key changes**

3. The Department for Work and Pensions' (DWP's) Design Group, in consultation with LA Association Steering Group (LAASG), Convention of Scottish Local Authorities (COSLA) and Local Government Association (LGA) representatives has redesigned FERIS using lessons learned from the 2015/16 Scheme.
4. These changes are summarised as follows:
  - the maximum amount of Maintenance Fund available for all LAs has increased by approximately 30% in comparison to the 2015/16 Scheme
  - the Maintenance Fund payments will be made in one lump sum payment with the majority expected to be processed and paid to LAs before the end of March 2016
  - the application process is streamlined with DWP Performance Development Team (PDT) consultants on hand to assist LAs
  - a further amount of Maintenance Fund has been made available to all London LAs to address the reported higher levels of F&E in that region
  - baselines will be adjusted automatically at the end of each performance period to take account of LAs caseload changes
  - thresholds, in general, are designed to be more attainable while still providing return on investment
  - cliff edges between the thresholds have been smoothed out by increasing the number of thresholds from six to ten
  - additional Real Time Information Bulk Data Matches (RTI BDM) to be issued to LAs and can be accessed on an voluntary basis

- further enhancements are planned to matching HB caseloads with capital data, self-employed earners and student loan data, which will support LAs to find F&E.

## **FERIS funding**

### **2016/17 Maintenance Fund**

5. There is a total Maintenance Fund amounting to an estimated £10 million to provide money up front to help LAs to continue to invest in extra resources or any other additional activities that will contribute to reducing F&E.
6. The total amount any LA can apply for is approximately 30% higher than was available in 2015/16, with a de-minimis amount of £4,500 for smaller LAs. The maximum amount of Maintenance Fund available to each LA will be defined in their individual FERIS launch letter.
7. An advance notification of the proposed changes and a copy of application form were issued to LA Revenue & Benefit managers on 27 January 2016. The Scheme formally launched on 11 February 2016. LAs will be expected to return their completed Maintenance Fund application form by 29 February 2016 to ensure payment by the end of March 2016.
8. To apply for funding LAs will complete and return the application form detailing how the additional activities that they will fund will contribute to reducing HB F&E. LAs will have to clearly document what the additional activities will be and how much these will cost.
9. There is no requirement for LAs to document how they will meet their thresholds nor is there need for the application form to be signed by the section 151 officer or equivalent. The application form should be signed off at Revenue & Benefits manager or Head of Service level.
10. Housing Delivery Division (HDD) PDT consultants will contact all LAs before 29 February 2016 to offer assistance with completing the Maintenance Fund application.

### **Additional Maintenance Fund for London LAs**

11. An estimated £750 thousand of additional Maintenance Funding will be available for London LAs to deal with the higher level of F&E in this region. Analysis shows that the amount of F&E in the London area is significantly more than in other parts of the UK. Reasons include:
  - a more transient population
  - a higher level of population affected by Welfare Reforms such as the benefit cap and Spare Room Subsidy
  - a high density of rented social housing
  - difficulties for LAs to recruit and retain skilled staff.

## **Incentive Scheme Fund**

12. In addition to the Maintenance Fund, an estimated £12.37 million has been set aside for the Incentive Scheme. This will be distributed to LAs that achieve reductions in net weekly entitlement of HB, where performance exceeds one or more set thresholds. The amount set aside has been calculated on FERIS performance achievements since the inception of the Scheme. The qualification criteria are explained below.

## **Operating the Scheme**

### **Opting-in**

13. LAs will not need to opt-in to the 2016/17 Scheme if they are already a participant in the 2015/16 Scheme. LAs which are currently not participating but wish to be included have been asked to submit a secure email intimating their interest to the Scheme mailbox: [feris.team@dwp.gsi.gov.uk](mailto:feris.team@dwp.gsi.gov.uk)

### **Setting the Performance Period**

14. Performance periods will follow the four quarters of the financial year, as follows:

- April 2016 – June 2016
- July 2016 – September 2016
- October 2016 – December 2016
- January 2017 – March 2017.

### **Setting the baseline 2016/17**

15. The FERIS baselines for 2016/17 will remain the same as last year's Scheme:

- Quarter 1 and Quarter 2 baselines are either performance in the same period 2014/15 or the average of 2013/14 and 2014/15
- Quarter 3 and Quarter 4 baselines are either performance in the same period 2013/14 or the average of 2012/13 or 2013/14.

16. Each LA will be informed of their 2016/17 baseline in the Scheme launch letters which will be issued on 11 February 2016. This will also be documented in [HB S2/2016](#).

### **Changes to the baseline**

17. The FERIS extension will take into account changes in caseload when these take place (for example, where caseloads change due to Universal Credit or other welfare reforms) and baselines will be adjusted accordingly.

18. Adjustments to caseload will take account of the value of HB reductions in the LA baseline across 4 categories:
- Working Age standard cases
  - Working Age passported cases
  - Pension Age standard cases
  - Pension Age passported cases.
19. The baseline will be adjusted using the value of HB reductions the LA found in each of the above categories and the caseload changes in that category. Although caseload has reduced nationally by 4% this outcome of the above methodology is an overall reduction of 1%. This is because the passported caseload has reduced the most but the vast majority of HB reductions actioned by LAs are within the standard caseload. Baselines will be adjusted up and down depending on the caseload composition changes.
20. The calculation of the Incentive Scheme award at the end of the performance period will therefore take account of any baseline adjustment.
21. As baselines will be adjusted at the end of each performance period using Single Housing Benefit Extract (SHBE) data, challenges to the baseline figures will not be required.

### Setting the thresholds 2016/17

22. Thresholds for 2016/17 are based on Caseload Management Information (CMI), where each LA will be placed in one of six groups. The group allocation will be based on previous F&E performance with group one being the best performers, group two the second best and so on. The LA will be notified of their group in the Scheme launch letter.
23. The new thresholds will be rounded to the nearest £1, where previously they were rounded to the nearest £100.
24. The lower threshold for all LAs has also been reduced from 10% to between 2.5% to 5%, making achieving the lower threshold more attainable with incremental steps to the higher threshold. The expectation of improvement above baseline performance will be dependent on which group the LA has been allocated to however this structure is designed to encourage LAs to continue to improve performance. See Table below.

	Lower Threshold 1	Threshold 2	Threshold 3	Threshold 4	Threshold 5	Threshold 6	Threshold 7	Threshold 8	Threshold 9	Upper Threshold 10
<b>Group 1</b>	2.50%	3.50%	4.50%	5.50%	7.50%	9.50%	11.50%	13.50%	15.50%	17.50%
<b>Group 2</b>	3.00%	4.00%	5.00%	6.00%	8.00%	10.00%	12.00%	14.00%	16.00%	18.00%
<b>Group 3</b>	3.50%	4.50%	5.50%	6.50%	8.50%	10.50%	12.50%	14.50%	16.50%	18.50%
<b>Group 4</b>	4.00%	5.00%	6.00%	7.00%	9.00%	11.00%	13.00%	15.00%	17.00%	19.00%
<b>Group 5</b>	4.50%	5.50%	6.50%	7.50%	9.50%	11.50%	13.50%	15.50%	17.50%	19.50%
<b>Group 6</b>	5.00%	6.00%	7.00%	8.00%	10.00%	12.00%	14.00%	16.00%	18.00%	20.00%

## Incentive Awards

25. At the end of each performance period we will identify which threshold the LA has achieved and pay the appropriate incentive payment under the Scheme. These will be a percentage of the individual LA administration grant for that year. Linking the awards to the amount of administration grant each LA receives ensures that payments are relative to the size of the LA caseload. See Table below for details of the financial awards as a percentage of LAs administration grant for each threshold achieved.

	Lower Threshold 1	Threshold 2	Threshold 3	Threshold 4	Threshold 5	Threshold 6	Threshold 7	Threshold 8	Threshold 9	Upper Threshold 10
<b>All LAs</b>	0.45%	0.59%	0.74%	0.90%	1.25%	1.65%	2.10%	2.60%	3.15%	3.75%

## Payment

26. Payment will be issued at the end of each performance reporting period and LAs will be notified of the amounts payable under the Scheme.
27. There is also an end of year adjustment where LAs achieving excess performance in some quarters will transfer this excess to other quarters where they performed below threshold. This recognises that activities may not necessarily be realised equally across each performance period and broadens the opportunity to qualify for Incentive Payments.

## Initiatives to support the detection of Fraud and Error

### Optional RTI

28. Many LAs have undertaken reviews/intervention activity of their working age caseload in addition to RTI. To help improve productivity and effectiveness we are exploring the possibility of providing optional RTI cases to LAs from June 2016. These cases will not attract New Burden payments or subsidy penalties but they will help LAs meet their FERIS thresholds if they wish to action them. The increase in Maintenance Fund is intended to help LAs action optional RTI referrals and/or undertake additional F&E activities.

## Monitoring and Reporting

29. Performance monitoring for FERIS will be based on the monthly SHBE scans that DWP currently receive from all LAs. DWP will use SHBE data to calculate the total weekly value of any reductions to entitlement, or terminations, which were identified and processed each month. Submitting accurate and timely SHBE extracts is a prerequisite to participating in the Scheme.

30. DWP will use 'D' records from SHBE to monitor LA performance. The 'D' records will show the weekly value of the HB entitlement for each claimant at the point that the SHBE scan is extracted from the LAs' system each month. Comparing each month's SHBE extract with that of the previous month will therefore provide information about the value of any decreases to the entitlement identified and processed by each LA during that period. This method will be used both to set baseline performance and monitor monthly performance.
31. Where a customer disappears from the month's SHBE extract it is assumed that the customer's benefit was terminated and performance will reflect a reduction for the full value of the customer's entitlement recorded on the previous extract. Where the customer reappears on the subsequent extract with the same claim start date as before DWP will assume that the claim was suspended over the period and it was not a genuine termination. DWP will then adjust the previous month's performance accordingly.
32. The finalised performance figures, net of any adjustments noted above, will be produced in the following month. This will allow payments to be made at the end of the appropriate performance reporting period.



## Annex 1

**FERIS 2016/17 Scheme – Questions and answers****Q1. What are the main differences between the 2015/16 and this 2016/17 FERIS design?**

**A1.** We are using the same baseline figures as used in the 2015/16 Scheme, however, the thresholds for 2016/17 are based on CMI, where each LA will be placed in one of six groups for each performance period. In addition, thresholds have been increased from six to ten, with the lower threshold reduced to between 2.5% and 5% making incentive payments more attainable.

Instead of making an initial payment when the lower threshold has been reached, followed by a final payment for that quarter, the 2016/17 Scheme payments will be made once at the end of each performance reporting period.

The Maintenance Fund will be paid in full and not split into two instalments as per the 2015/16 Scheme.

Baselines and thresholds will be adjusted automatically using SHBE data to take account LA caseload changes, negating the requirement for LAs to challenge. This will be completed at the point of assessing and processing LAs Scheme payments at the end of each performance reporting period.

LAs no longer require Section 151 officer sign off for fund applications.

**Q2. Who was involved and consulted regarding the design of the new Scheme?**

**A2.** In addition to the DWP Design Group we asked for volunteers via the LAASG. We also had representatives from COSLA and the LGA. LAASG were updated regularly on progress throughout the design.

**Maintenance Fund****Q3. What is the Maintenance Fund?**

**A3.** The Maintenance Fund is designed to assist LAs in getting initiatives and improvements in place to support their ability to achieve your FERIS thresholds.

**Q4. How do we apply for the Maintenance Fund?**

**A4.** Applications are requested prior to the start of the Scheme on 1 April 2016 and early applications will allow Maintenance Fund payments to be made before this date.

**Q5. What types of activities will receive Maintenance Funding?**

**A5.** The Maintenance Fund aims to provide LAs with funding to help them to quickly get projects off the ground that will help them meet the FERIS thresholds. Funding requests may be for the continuation of initiatives or processes already brought in during the 2015/16 Scheme. Examples are provided below, but each application will be assessed on its merits in line with the criteria and this list is, by no means, exhaustive:

- recruitment, secondment or retention of experienced HB assessors to support additional intervention activities
- targeted campaigns / publicity drives to encourage claimants to report changes of circumstances promptly:
  - leaflets in customer new financial year benefit letters
  - posters
  - webpages
  - twitter/Facebook
  - surgeries in other council departments
  - local media awareness
- improved customer statements/decision notices
- introduction of e-forms for improved customer notification of changes
- establish internal data matching e.g. electoral role, taxi licencing, leisure membership
- internal IT infrastructure improvements, e.g. dual screen, telephones, office equipment, review/improve scripts for automated telephony services
- stationery, postal costs (i.e. for advertising)
- to identify cases of suspected irregularity that do not meet Single Fraud Investigation Service criteria for investigation
- focus on quality checks (to identify potential to increase reported changes)
- encourage linked council services to consider benefit claims (encouraging claimant reporting changes of circumstances) e.g. housing, social services
- joint working with external services to identify discrepancies, e.g. Experian, Registered Social Landlords, NHS, Housing Associations, to identify discrepancies
- Risk Based Verification/also known as Partial Intervention Model, especially around where the customer:
  - is in work but no income change in 52+ weeks
  - receives occupational/private pension and no change reported for 52+ weeks
  - has a non-dependent deduction but no recent changes reported
  - has 2 or more jobs or zero hours employment
  - has £12,500-£16,000+ capital
  - passported cases
  - reviewing new claims within 3 months of HB award
- additional software from LA IT Suppliers, particularly around identifying and communicating with high risk claimant groups
- electronic customer reminder activities including nudge technologies, e.g. automated SMS or e-mails with links to on-line forms
- targeted reviews.

**Q6. Can the Maintenance Fund be used to cover costs of existing staff carrying out business as usual activities?**

**A6.** No. Applications are being assessed to ensure that the funding is being used to meet an additional cost to the HB Service. In the case of staffing resources this can be against such costs as arise from new staff, temp/agency workers, overtime or for back filling of posts from which more experienced staff have been released to work on activities to help authorities meet their FERIS thresholds, etc.

**Q7. When should LAs spend the Maintenance Fund?**

**A7.** LAs are expected to spend the Maintenance Funding in 2016/17. However, we will take a view where stated plans marginally slip into 2017/18. LAs should make every effort to comply with the spending assumptions they submit with their applications.

**Q8. Should Maintenance Fund applications focus on activities targeted at new claims, and in-claims?**

**A8.** FERIS is focused on LAs identifying more changes and reductions in the HB caseload, therefore the F&E reduction plan activities should focus on in-claims (rather than new claims or point of claim) as that is where the majority of changes occur.

**Q9. For 2015/16 the Maintenance Fund payment (if over £5,000) was split. Are you following the same model for 2016/17?**

**A9.** No. LAs who make successful bids for Maintenance Fund will receive all monies up front.

**Baseline**

**Q10. The Q3/Q4 baseline has been set on either the highest of 2013/14 performance or the average of 2012/13 and 2013/14. Have all LA baselines been affected by removing reductions resulting from removal of the spare room subsidy and the benefit cap or just baselines using 2013/14?**

**A10.** All LA baselines have been affected. Although these policy changes were effective from April 2013 the way that SHBE extracts covering both March/April 2013 have been used to apportion reductions up to 31 March 2013 means that some of these reductions were included in the 2012/13 baseline

**Q11. Why have the baselines not changed from the 2015/16 Scheme?**

**A11.** The baselines have remained to ensure stability to the design. Using more recent baseline data would not allow us to have a clear understanding of LA performance as, from 2014, initiatives such as RTI and FERIS were brought in and it is difficult to disaggregate those initiatives from any new figures.

**Q12. SHBE data is often submitted mid-month, for example mid-April, mid-May, etc. In considering performance can you confirm which extracts will be used for the April reduction assessment?**

**A12.** In this instance we would compare the mid-April extract with the previous SHBE extract to determine performance in the first part of April. We will then review the May SHBE extract to complete the April performance.

## **Thresholds**

**Q13. How have the thresholds been calculated?**

**A13.** We are using the CMI data to allocate LAs into one of the six groups; group one has the least amount of F&E estimated in their caseload, group six the most. The groups have been calculated using 2014/15 historical data. This data was provided to LA Revenues & Benefits manager alongside the 2015/16 Quarter one performance 25 January 2016.

**Q14. Why have you changed the way thresholds have been calculated?**

**A14.** LAs raised issues around the thresholds; especially their ability to achieve the lower threshold and obtain payment. To ensure lower thresholds are more achievable they have been reduced from 10% above baseline to 2.5% - 5% (depending on the LAs threshold group); the less F&E identified in the LAs caseload via CMI the lower their lower threshold is. The increments between the lower and upper threshold have also been made easier to attain with 10 thresholds in the new Scheme.

We have also used CMI to ensure the thresholds are more reflective of each LAs historical performance. This change ensures a more level playing field in being able to achieve thresholds; those LAs who have previously completed more work to identify and reduce F&E in their caseload and, therefore have less current F&E to work on, will have a lower starting threshold. Conversely, those LAs that have more F&E in their caseload will have higher starting thresholds.

The payments for reaching each threshold will be the same across all LAs, i.e. the percentage of their HB administration grant; therefore the amounts will, of course, be different for each LA. There is still a maximum amount an LA can be paid per performance quarter; the upper threshold.

**Q15. What are the different thresholds and how many LAs are in each group?**

**A15.** The following tables provide the different threshold groups and the number of LAs in each group:

	LT - Thrshld 1	Thrshld 2	Thrshld 3	Thrshld 4	Thrshld 5	Thrshld 6	Thrshld 7	Thrshld 8	Thrshld 9	UT - Thrshld 10
Group 1	2.50%	3.50%	4.50%	5.50%	7.50%	9.50%	11.50%	13.50%	15.50%	17.50%
Group 2	3.00%	4.00%	5.00%	6.00%	8.00%	10.00%	12.00%	14.00%	16.00%	18.00%
Group 3	3.50%	4.50%	5.50%	6.50%	8.50%	10.50%	12.50%	14.50%	16.50%	18.50%
Group 4	4.00%	5.00%	6.00%	7.00%	9.00%	11.00%	13.00%	15.00%	17.00%	19.00%
Group 5	4.50%	5.50%	6.50%	7.50%	9.50%	11.50%	13.50%	15.50%	17.50%	19.50%
Group 6	5.00%	6.00%	7.00%	8.00%	10.00%	12.00%	14.00%	16.00%	18.00%	20.00%

  

	Lower Boundary	Upper Boundary	No. in Group
Group 1	95%	More than 95%	9
Group 2	88%	95%	21
Group 3	80%	88%	39
Group 4	75%	80%	62
Group 5	70%	75%	100
Group 6	Less than 70%	70%	148

**Payments****Q16. When will I receive my first payment for FERIS 2016/17?**

**A16.** The LA will receive only one payment for each performance period, for example for 2016 Quarter one (April – June 2016) the performance reporting period would end in September 2016. We will identify which threshold has been achieved and pay you that amount following publication of the September 2016 data. This will be paid into the same account as your HB administration grant payments and the 2015/16 Scheme payments. The payment amount will depend on the threshold reached.

**Q17. Will we receive an end of year adjustment?**

**A17.** Yes. LAs achieving excess performance in some quarters can transfer this excess to other quarters where they achieve below threshold in order to allow them to qualify for incentive payments they might have missed out on at the time. The intention of this part of the FERIS design is to continue to incentivise LAs to never give up and keep on chasing further changes of circumstances. More detail on this aspect appears in circular [HB A11/2015](#).

## Performance

**Q18. Can you provide guidance on the types of activities LAs could do to meet the FERIS threshold?**

**A18.** The [FERIS Good Practice Guide](#) was published to support the introduction of the 2015/16 Scheme. It includes guidance on how to effectively maximise performance to ensure benefit stays right, including how to identify more changes to meet FERIS objectives.

**Q19. Where can I find support to design campaign based initiatives?**

**A19.** You can use the existing resources as detailed in the HB F&E 'campaign in a box'. This provides tailored resources and written guidance to allow LAs to download templates from the HDD Glasscubes portal. You can then develop your own local publicity campaigns to encourage HB claimants to report changes of circumstances and encourage the public to report potentially fraudulent HB claims.

**Q20. Can I still use the monitoring tool that was made available at the end of December 2015?**

**A20.** Yes, the monitoring tool can still be used to track progress in the extended FERIS Scheme and can be found here: [FERIS monitoring template](#)

**Q21. Is the same process you applied to calculate the baseline being used to calculate performance?**

**A21.** Yes. The baseline and performance are calculated by counting reductions in SHBE extracts. The only difference is that we exclude reductions associated with the benefit reforms from the baseline calculations, whereas we will include these reductions when calculating performance.

**Q22. When evaluating FERIS performance will DWP look at reductions and increases (including new claims)?**

**A22.** We will only include reductions in our calculations and will ignore all increases in weekly entitlement (including new claims). Therefore, new benefit awards will not affect achievement of the FERIS threshold.

**Q23. How do you treat suspensions and reinstatements of HB when calculating reductions?**

**A23.** Suspended cases on SHBE will be picked up from a subsequent SHBE extract when the case is reinstated and will therefore not be counted as a reduction.

**Q24. If an HB claim is reduced but still in payment is that counted as a reduction for the purposes of FERIS?**

**A24.** Yes. If a claim is reduced to a lower level (as long as it is above zero) we immediately count this as a reduction even if the claim is subsequently re-assessed to the higher amount.

**Q25. Will claimants moving address within the same council impact the FERIS threshold?**

**A25.** Where a claimant stops claiming at one address but starts claiming at another address, this will be classed as a continuation of the same case.

**Q26. Will RTI changes count towards the FERIS threshold?**

**A26.** Yes. All reductions, whatever the cause, will be taken account of in monitoring performance against thresholds.

**Q27. Can you confirm whether LAs will continue to receive RTI data in 2016/17?**

**A27.** Yes. DWP are intending to provide RTI BDM optional RTI referrals (from June 2016). Whilst RTI BDM will have the existing performance expectations, optional RTI will not be mandatory and will not attract new burdens payment. The optional RTI will provide useful customer information that could lead to reductions of HB F&E and help you in achieving Incentive Payments if actioned. More detail on these will be issued in due course.

**Q28. Will LAs FERIS performance be published?**

**A28.** Ministers have set out that “It is crucial that central and local government do more to address losses from fraud & error in Housing Benefit and provide value for money for the taxpayer. The government intends to publish local authority performance indicators on Housing Benefit fraud & error to make this more transparent to the electorate”.

To ensure we deliver on this ministerial request we have developed the CMI to help LAs understand the approximate levels of F&E in their caseloads. This has been published on [GOV.UK](http://gov.uk) the same time as the Speed of Processing publication. However, your FERIS performance, i.e. which thresholds you have achieved, will not be published.

**Q29. How will rent-free weeks be treated in the FERIS and will these count as reductions?**

**A29.** Reductions will be calculated based on SHBE field 43 (weekly HB entitlement). According to the SHBE guidance, already issued to all LAs, the amount of entitlement recorded in this field should be averaged across the whole year (i.e. on 52 week basis). As such rent-free weeks should have no impact on the weekly entitlement as recorded in field 43 of SHBE and, hence, any changes in rent-free weeks should not lead to any reductions in our calculations.

Where a rent-free week is in effect at the time of a SHBE scan, according to the SHBE guidance, field 43 should be recorded either as ‘£0’ or preferably still the average weekly amount (on a 52 week basis). In the former case, where the amount is recorded as zero, this will not be counted as a reduction in our final estimates as long as the entitlement in field 43 returns to normal in the next SHBE scan.

**Q30. When considering engagement with LAs to drive HB F&E performance will the PDT have regard to comparative existing performance in addition to success or failure against FERIS thresholds?**

**A30.** DWP will take account of a range of information when considering LA performance against FERIS thresholds. PDT's objective will be to work collaboratively with LAs to try and resolve any issues in order to help LAs improve their performance.

## **Opt-in**

**Q31. How do we opt-in to FERIS 2016/17 Scheme?**

**A31.** LAs do not need to opt-in to the FERIS to receive any reward or funding. Opt-in is assumed where an LA has already been part of the 2015/16 Scheme. However, LAs which are currently not participating but wish to be included have been asked to submit a secure email asking to submit a secure email intimating their interest to the to the Scheme mailbox [feris.team@dwp.gsi.gov.uk](mailto:feris.team@dwp.gsi.gov.uk).

**Q32. If an LA does not meet the threshold to qualify for any payments are there any financial penalties?**

**A32.** There are no financial penalties for LAs that do not meet the lower threshold. FERIS is an incentive scheme so payments are made to LAs that meet/exceed the threshold and no payment is made to LAs that do not.

**Q33. Once an LA has opted in, can they opt-out later?**

**A33.** LAs can opt-out of FERIS. However, the only impact of opting-out would be that the LA is no longer able to receive FERIS payments. Irrespective of whether an LA is part of the Scheme DWP will monitor F&E in the HB caseload across all LAs and engage with LAs as they do for HB speed of processing.

## **Overpayments**

**Q34. Is there any way DWP could counter the impact of LAs losing out financially because of FERIS in terms of more F&E resulting in more overpayments, loss of subsidy, the costs of recovery and resources needed?**

**A34.** It is not possible to estimate the level of potential subsidy loss due to LAs finding increased F&E. LAs have a statutory obligation to ensure HB claims are correct and FERIS is incentivising LAs to focus more effort in this area.

Overpayments relating to claimant error and fraud attract a 40% subsidy. LAs on average collect 67% of overpayments. If an LA improved its collection it could benefit from recovering the loss of subsidy and the amount of HB paid (equating to 140%). PDT is working to support LAs with recovery and have published the [HB Overpayment Recovery Good Practice Guide](#)

FERIS payments for meeting/exceeding the upper threshold equates to approximately 30% increase in the total LA HB administration grant. In addition,



there is £10 million Maintenance Fund available in 2016/17 to support LA efforts in reducing F&E in HB.

It is also worth noting that if LAs work to encourage claimants to report their changes of circumstances immediately then there will be no overpayment. The resultant change of entitlement will be just as useful in meeting the FERIS threshold as those overpayments already in the system.

**Q35. To mitigate the impact of overpayments created as a result of finding more reductions to weekly benefit entitlement, could LAs calculate the overpayment from the week in which the change is identified rather than the date of change?**

**A35.** No. DWP guidance to LAs ([Calculation of Overpayments Guide](#)) is to calculate the overpayment from the benefit week in which any change in HB should have been actioned, up to the date entitlement actually reduced or ended. LAs should also adhere to the provisions of the HB Regulations 2006.