In one of those unusual but happy coincidences, I am writing this editorial just after spending a very interesting day at the Local Authority Investigation Officers Group (LAIOG) annual conference, and in this issue of HB Direct we have a special fraud and error supplement. As many of you will know, LAIOG exists to promote continuous improvement in both the performance and the professional development of investigators. It does this by encouraging best practice in local authority investigation services and enhancing training opportunities. It was certainly a lively and informative day, with a strong DWP presence, I’m pleased to say - for example John Southworth from HBMS spoke about the latest developments in data-matching and Chris Bull gave the BFI perspective on both past achievements and future prospects.

I was very pleased to be invited to open the first full day of the conference together with the chairman, David Clarke. I tried to set out some thoughts on our strategic approach to counter-fraud work. It went something like this: I want to see us move towards identifying the level of fraud in a given locality, and not just Housing Benefit but all benefits. This is not something we currently have the ability to do, but we may be able to get closer to it. We could then set a joint target to reduce that level by a certain percentage. I do not want to be prescriptive about how this is done - other than following the usual legal requirements. But I do want us to provide appropriate support, including the right tools and the right infrastructure to facilitate the best possible results. And in doing so, I’m very keen that we get the views of the experts, and consult fully with the local authority associations - on what is required. And we would expect that Jobcentre Plus, The Pension Service and local authority fraud staff would work together in the most effective and efficient manner.

Of course, it will not be possible to meet these aspirations overnight. But it is clearly important to have a clear view of where you want to be in future, when developing policies now. Work we have done to reform subsidy and move towards less prescriptive measurement (PM10 is about outputs rather than inputs) fits this agenda in my view. And we have set out in our fraud and error action plan ways in which we will do more both to promote local autonomy and to provide more effective data and IT. A good example is the trial of voice risk analysis in Harrow.

In particular, we now have the opportunity to make best use of all our collective resources, now that we are legislating to reverse the restrictions placed upon us by the Howell opinion. In my view this must be the right way forward but we must also be sure that we make the best of it. There is quite a bit of detailed work yet to be done on the regulations (some of the devil will undoubtedly be in the detail) and on preparing operationally. So although the Welfare Reform Bill is likely to receive Royal Assent before too long, that is only the start.

I do hope that everyone will find something interesting and valuable in this month’s fraud and error supplement. Of course, there are some specialist tasks involved in counter-fraud work, but fundamentally it is a matter for all of us. We all should be vigilant, aware and informed!

Paul Howarth, Head of Housing Benefit Strategy Division
Email: Paul.Howarth@dwp.gsi.gov.uk
Jobcentre Plus to push HB and CTB as in-work benefits

DWP has launched a campaign to promote HB and CTB to people who are currently out of work. Ministers are keen to promote both benefits as ‘in-work’ benefits for people of working age who are currently out of work. Many Jobcentre Plus customers wrongly assume that if they begin work they will automatically be ineligible for HB or CTB and this lack of understanding can act as a barrier to employment.

Jobcentre Plus staff are shortly to be issued with desk aids and guidance on how much HB and/or CTB a customer will be able to claim and further communications work with both customers and staff will be undertaken over the coming months.

For further information about this campaign please contact Laura Graham, DWP Marketing Communications
Tel: 0113 232 4479

Further improvements in HB & CTB processing times

On 15 March 2007 we published performance statistics for the third quarter of 2006/07. The figures show there continues to be improvements in your performance over recent quarters. In particular, in quarter 3 of 2006/07 59% of you were bettering the 30 days required for an ‘excellent’ score for processing new claims.

The latest key outcomes are:

**New claims**
- 241 (59%) of you exceeded the 30-day requirement to score excellent, compared with 176 (43%) of you in the same quarter of 2005/06
- The average number of days to process new claims improved from 34 days in the third quarter of 2005/06 to 31 days in the third quarter of 2006/07

**Change of circumstances**
- 107 (26%) of you exceeded the 9-day requirement to score excellent for processing changes of circumstances in the third quarter of 2006/07, compared with 99 (24%) in the same quarter of 2006/07
- The average number of days to process changes of circumstances in the third quarter of 2006/07 was 16 days, which is the same as in the third quarter of 2005/06

The statistics can be found on the Department’s Information and Analysis website at http://www.dwp.gov.uk/asd/asd1/hb_ctb/performance.asp

PinS and PM10 Workshops

A big thanks to all of you who attended the recent workshops in London, Manchester and Edinburgh. We received lots of helpful comments and ideas which our colleagues in Learning and Development are now evaluating. We will provide full feedback in the next few months and will let you know when the new training packages and information on achieving PM10 are available.

For more information please contact James.Ablewhite@dwp.gsi.gov.uk

More HBMS products on the way to help you achieve your PM10 targets

**Proposed National Last Recorded Review Date scan**

HBMS plan to issue a new scan to you with their normal data matching scan next month. The new scan will include all standard, working age cases with a claim start date over two years ago, but no Last Recorded Review Date (LRRD). This will help you identify potentially risky cases that have not had a full review, and to tidy up any data issues with the LRRD.

**Standard working age cases with no change to earnings in the last 12 months**

HBMS plan to issue a further scan to you identifying cases where the claimant and/or partner has declared earnings but has not reported any increase in the last 12 months. The last such scan was issued in November 2006; HBMS plan to issue this on a quarterly basis. Failure to declare an increase in earnings is one of the major causes of loss in HB.

For more information on both these scans please contact chris.j.fuller@dwp.gsi.gov.uk

LHA Implementation Team

There have been some changes to the membership of the LHA Implementation Team. Up-to-date contact details are:

Adrian Pateman
Adrian.Pateman@dwp.gsi.gov.uk

Kish Nathwani
Kish.Nathwani@dwp.gsi.gov.uk

Lynda East
Lynda.J.East@dwp.gsi.gov.uk

You can also contact the team by emailing LHAadviceline@dwp.gsi.gov.uk

Need an answer? Post your questions and suggestions to HB-Policy-FAQ@dwp.gsi.gov.uk
The long-awaited final report of the Lyons Inquiry into Local Government has finally been published. The Inquiry was led by Sir Michael Lyons and was set up in 2004, following the Balance of Funding review, to look at the case for making changes to the system of local government funding, particularly council tax reform.

After several extensions of its remit, the Inquiry published its findings on Budget day 2007. The chapter on local taxation concludes that the current system - a property tax with a related benefit to alleviate the burden for poorer households - does not need reforming. However, it stresses the important role of council tax benefit (CTB) in improving the perceived ‘fairness’ of council tax, and the need to ensure that those who are entitled to help get it.

We have all been working hard to improve CTB take-up, particularly for pensioners who have the lowest take-up rates. Many of you do excellent work in this field. The report is very supportive of our partnership working with The Pension Service, and encourages us to continue and expand this work, particularly around more proactive delivery of CTB. Additionally, Sir Michael recommends increasing the upper capital limit in CTB for pensioners to £50,000, and renaming CTB as a ‘rebate’.

We are very pleased that the report supports our joint efforts to increase take-up and are continuing to work with you and The Pension Service to make CTB more accessible. We will consider the possibility of increasing the capital limit in light of other issues including simplicity, practicality and affordability, and will look at opportunities for ‘rebranding’ CTB in the context of wider improvements.

Our current work to improve access to CTB (and HB) will make changes to allow people applying for Pension Credit over the phone to make a claim for CTB/HB at the same time, without the need for a separate signed claim form to be submitted to you. We plan to implement these improvements during 2008 and you will hear more about them through the usual channels.

The full report is available on the internet at http://www.lyonsinquiry.org/

If you have any queries please contact christie.dennehy@dwp.gsi.gov.uk

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**Moredirect - let us know what you think**

We published the latest edition of Moredirect at the end of March 2007, so we thought that this would be a good opportunity to ask you what you thought of the changes that we had made to the design of the magazine. If you have any comments about the layout and format of moredirect or if you have ideas for topics that you would like to see featured then we would be really pleased to hear from you.

Please send your comments and suggestions to us at adephi.central-services-team@dwp.gsi.gov.uk

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**Urgent action needed**

In HB/CTB Bulletin G5/2007 that was issued last week, there were a few items that we needed you to consider or action urgently.

The particular items that you need to look at are

- para 1 - HB/CTB Guidance Manual Amendment 11
- para 3 - Security of HBSD/IAD Scan data
- para 41 - Plea from HMRC
- para 42 - Classification of overpayments caused by a 'delay in processing'
- para 52 - Overpayment recovery when bankruptcy has been discharged
Local Authority Omnibus Survey - 
final report for wave-13

The final report for wave-13 of the LA Omnibus Survey will be available for download from the DWP website on Thursday, 10 May. The URL address for the publication will be http://www.dwp.gov.uk/asd/asd5/rports2007-2008/rrep414.pdf.

The survey sections for wave-13 were:

- Section A Information
- Section B Business Processes Re-engineering
- Section C Local Housing Allowance
- Section D DWP Housing Benefit Web Site
- Section E Financial Inclusion Activity
- Section F Better Off Calculation
- Section G Decentralisation and Contact Information

If you require further information please contact Richard.Zaluski-Zaluczkowski@dwp.gsi.gov.uk.

The Performance Standards Fund:
National Products

You should already be aware that the Performance Standards Fund closed at the end of March 2007. The PSF has awarded funds to the value of £184m since its inception in 2003. It is clear that the fund and the commitment from you to develop and implement new systems, training and new methods of working has contributed to the significant improvement in benefits administration in recent years.

In the next General Information Bulletin, to be issued in May, we will provide information on each of the national products, providing contact details to enable you to obtain further information about their effectiveness, ease of implementation and value for money.

Please contact Maxine.Leyland@dwp.gsi.gov.uk for further information.

Your views, comments and suggestions for HB Direct

The purpose of HB Direct is to tell you about future developments within HB and we would welcome your views on the format and content of the newsletter.

You may have comments or suggestions for future editions – or you may even have a question you want to ask us!

Please send your ideas or questions to Kath Murphy at Kath.Murphy@dwp.gsi.gov.uk.

How can I get HB Direct sent to me?

If you would like to receive HB Direct by email, usually on the 1st of each month (or nearest working day), then please send your name and the name of your LA or organisation to orderline@cds.co.uk.

They will add you to their e-mailing list. You will need Adobe Acrobat to enable you to open the pdf file. This can be downloaded free of charge from the website http://www.adobe.co.uk/products/acrobat/readstep2.html.

Need an answer? Post your questions and suggestions to HB-Policy-FAQ@dwp.gsi.gov.uk
Editorial

HB fraud and error - message from James Plaskitt the Minister

I am delighted to introduce the fraud and error supplement this month. It contains some interesting articles and good examples of the work being done within Local Authorities and the DWP to tackle fraud and error.

I would also like to thank you for your continuing efforts. I am greatly encouraged by the progress which is being made in reducing fraud, but there is still more to be done, especially to combat error.

The fraud and error action plan sets out the framework for a more secure delivery of Housing and Council Tax Benefit. I am pleased to see that several of the initiatives described in the articles support this aim. The targeted mail shots for example should reach the very people who may be unclear about their responsibilities to report changes in their circumstances. The Voice Risk Analysis pilot in Harrow presents an exciting opportunity to make use of new technology to tackle fraud and error.

Of course, there is still more to do. DWP is working hard to implement the action plan, which will provide you with better tools to tackle fraud and error, while the new PM10 empowers you to innovate and adopt the solutions best suited to your authority. I know I can count on you to rise to the challenge facing us, and ensure you do all that you can to tackle incorrectness in HB and CTB.


NFI - an update from Steve Carey (Leeds City Council)

Recently the Fraud Operational Group signed off the detail around providing Jobcentre Plus and The Pension Service (TPS) with access to the 2007 NFI datamatch. The intention to provide access to NFI data was set out in DWP’s recent ‘Action plan for tackling fraud and error in Housing Benefit and Council Tax Benefit’ and represents the first opportunity to start delivering on the commitment to make best use of information and data.

There is still a long way to go in fully delivering on that commitment, but sharing NFI data is a positive start that should contribute significantly in helping to tackle fraud and error.

The 2-yearly NFI exercise is undoubtedly a valuable tool in helping to identify fraud and error in benefits but there are barriers for LAs that prevent the NFI from being even more effective. The main barriers relate to issues arising from the Howell opinion and the sheer volume of the NFI output which means delays in dealing with a number of potentially incorrect cases. Involving Jobcentre Plus and TPS should help overcome these barriers.

Although ‘Howell’ is being addressed in the Welfare Reform Bill that is currently going through Parliament, the present situation is that LAs are unable to investigate or prosecute fraud cases affecting IS or JSA payments.

LAs have dealt with this in the past by prioritising potentially serious fraud cases and inviting joint working with Jobcentre Plus colleagues. These arrangements have by and large been effective and many successful prosecutions have been secured. But the downside to this is that less serious cases can be delayed or even overlooked and many cases which are not appropriate to go down the fraud investigation route, and which require IS or JSA entitlement to be reviewed, may not be dealt with at all. With over £140M of HB fraud and error being attributed to the DWP means test, it is in everyone’s interest to ensure that potential IS or JSA incorrectness is dealt with speedily.

Sending the majority of the IS and JSA cases to Jobcentre Plus will enable Jobcentre Plus to more quickly identify cases that need to go down the fraud investigation route and also ensure that other cases are dealt with under Jobcentre Plus’ compliance process. It also means that LAs will have a more manageable NFI list to deal with which in itself improves the prospects for identifying more incorrectness.

For general information on the NFI, contact: graham.dove@dwp.gsi.gov.uk
As you may well have seen in news media recently, DWP Secretary of State John Hutton has announced plans to test Voice Risk Analysis (VRA) technology on customers reporting information over the telephone. Harrow LA is running a pilot and the article below from Griselda Colvin, the Housing Benefits Service Manager explains what is happening.

**Assessing applications over the phone, nice idea but not realistic given the Department’s verification requirements or is it?**

In the insurance industry, claims have been processed for some time using Voice Risk Analysis technology. It enables the operator to assess the information that is being provided over the telephone. Information that is assessed as low risk can be ‘fast tracked’ for processing whilst information assessed as ‘high risk’ requires further investigation.

**Could this technology be used in Benefits Administration?**

On May 21st Harrow is to commence a pilot to find out the answer and later in the year Jobcentre Plus will test how VRA works with its own systems.

**How will it work?**

Telephone calls will be handled by operators trained in intelligent questioning and various forms of behavioural analysis which will allow them to assess the level of risk in the conversation. The VRA technology will be used to support the operator's analysis. The technology analyses changes in voice frequency and performs thousands of mathematical calculations, resulting in the identification of different categories of emotional content. The patterns associated with these categories allow the technology to identify genuine callers.

At the beginning of each call the characteristics of a customer's voice frequency are sampled in order to establish a benchmark, taking into account any pre-existing emotions. The benchmark is then used during a conversation as a guide for analysing changes in frequency caused by changes in emotions. Language, dialect, speech impediments and pauses in conversations are all taken into account so as not to influence the test.

**How will we use it?**

From May 21st our intention is to make use of the technology in helping us to achieve our PM10 target by making contact with customers who may have had a change in their circumstances. Soon after that date we will be using VRA for dealing with new claims. Our counter fraud team will use it as part of their ‘fraud referral’ risk assessment and in personal interviews with customers. Thereafter, we are looking to make use of the technology in our Insurance Section, Revenues particularly with Single Person Discounts and Exemptions and elsewhere in the Council.

**What are the anticipated outcomes?**

Not surprisingly, the DWP has asked Harrow to provide management information on the outcomes of the pilot on a regular basis for their analysts to assess. Our objective is to achieve the aims of the technology to tackle fraud, fast track genuine claims and improve customer service and hopefully a less restrictive verification requirement.

The technology will be demonstrated by Capita at the IRRV Fraud Conference in June and the IRRV National Conference in Brighton where updates on the pilot will also be provided.

Contact: [James.Ablewhite@dwp.gsi.gov.uk](mailto:James.Ablewhite@dwp.gsi.gov.uk)

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**It's all gone quiet over there!**

What's happening about Howell? Judging by the speaking invites we have received from LAIOG and IRRV, you are all keen to find out.

We expect the Welfare Reform Bill to receive Royal Assent this month so does that mean LAs will be able to investigate DWP benefits this summer? Well it's not quite as simple as that. The regulations have to be laid and we will be consulting your Associations about their content. In particular, we need to finalise what exactly the 'link' between HB and national benefits needs to be to allow LAs to investigate the DWP benefit.

We also need to sort out (including consulting on) several practical issues around the protocols that will need to be in place to ensure that we strengthen joined up working.

So, though we are getting there, there is still much that needs to be done. We look forward to working with you over the summer to ensure we make best use of the new legislation to further the fight against fraud.

Contact: [James.Ablewhite@dwp.gsi.gov.uk](mailto:James.Ablewhite@dwp.gsi.gov.uk)

**Media campaigns**

**Fraud:** The latest phase of DWP’s Targeting Fraud Campaign ‘No Ifs, No Buts’ was launched in October 2006. It is targeted at those committing, or who may be inclined to commit, benefit fraud. It emphasises that benefit fraud is theft and warns ‘benefit fraud is a crime, break the law and you face a criminal record’.

**Error:** As part of the error reduction strategy, and using the same principles as the targeting fraud campaign, DWP is piloting a new campaign *Something to declare?* based on Peterborough Benefit Delivery Centre. The campaign reminds IS and JSA customers of the changes of circumstances that they need to tell DWP about, and advises them that if they experience any of those changes, they should report them as soon as they happen, including reporting any changes relating to HB, to their LA.

Need an answer? Post your questions and suggestions to HB-Policy-FAQ@dwp.gsi.gov.uk
The 6 December 2006 was an unremarkable day at the office - staff going about their business, two of them attending the DWP roadshow about the new PM10. On their return, it became one of those days that will remain in my memory for a long time to come.

They started to describe the changes, and at first it appeared to be a simple measurement adjustment from inputs to outputs. It got better; we could achieve the outputs and felt able to do so. Great! Then they revealed our target and my initial confidence ebbed away.

As a rural area we carry out our interventions by visit, and couple the requirement to review claims with other work such as council tax, business rates and welfare visits. We employ eight visiting officers and one senior visiting officer to undertake all aspects of this work, including all the administration where changes are identified. By targeting risk groups 1 to 4, we’ve identified above average changes in this way.

To put our new target in context, we have a caseload of 10,790, of which over 7,700 are in risk groups 5 and 6 - a total of 71% of our claims. Our analysis shows that for groups 1-4, 35% of interventions lead to a reduction, whereas it is only 7% for groups 5 and 6.

The 2005/06 figures show we’re on target to achieve the required reductions in groups 1-4 for 2007/08, but we need to find a further 800 reductions in groups 5 and 6. By their nature, these groups are fairly static, so this is going to be an extremely stretching target.

We’ve undertaken a lot of work to decide how we can best meet the target, whilst maintaining normal customer service levels and continuing with our very successful take up campaigns. Here are a couple of our more unusual ideas:

- in partnership with neighbouring local authorities in the North East, we’ll raise customer awareness of the need to report changes through a joint campaign on local radio. We’ll get the same information to all our customers in a way which will continually reinforce the message: If it changes - tell us!;
- we’re looking at reducing the number of visits and using telephone technology to assist with phone contact. The Durham County Local Authorities are in talks with the software supplier to assess a way forward as a consortium using voice validation technology.

We’re going on a journey this year. I’ll be telling you more in due course about how we at Derwentside are progressing, and answer the most important question - will we meet our target?

For more information contact Ian Ferguson on 01207 218670.

The Pension Service (TPS) and the HB fraud and error policy team have been exploring the case for aligning the verification of capital at £6,000 - the limit currently applied by TPS. We have been working closely with more than 40 volunteer LAs covering a range of geographical and demographic issues.

The results of the pilots were very interesting. Of the cases examined where capital was initially declared as under £6,000 only seven of 254 pensioners and five of 548 working age customers would have been overpaid. Full details of the pilot can be found at www.dwp.gov.uk/housingbenefit/secure/fraud-error.asp

Using these figures to come up with a national picture, we estimate that no more than £400k extra fraud and error would result if LAs stopped verifying capital under £6,000. Bearing in mind that £770m was lost due to fraud and error in HB in 2005/6 and set against cost savings of £2.2m if LAs dropped this verification activity, we believe that there is a good case for aligning the capital limit at £6,000.

However, we obviously don't want any increase in fraud and error, so are looking at how we can manage any risk, for example by making better use of HMRC capital data at a much earlier stage.

However, before taking this any further, we would like to know what you think. So, please e-mail us with your views on fraud-error-policy@dwp.gsi.gov.uk by 18th May. We will be unable to answer you individually, but we will use your comments to inform our consultation with your Associations and will provide feedback in a future edition of HB Direct.
Reducing error in the benefits system: A five-year strategy

On 24th January 2007, the DWP published its five-year error reduction strategy: *Getting welfare right: Tackling error in the benefits system*. The strategy is about supporting customers and staff who administer benefits - both in DWP and in LAs - to get benefit claims right and keep them right. We expect the strategy to deliver estimated savings of around £1 billion over the five years to 2012 (this figure includes savings for Housing Benefit administered by LAs).

To take this forward, an Error Reduction Delivery Board has been set up, with responsibility for managing and driving forward programmes underpinning the strategy, including those relating to error in HB. The Board is chaired by David Barr, Head of DWP's Fraud and Error Strategy Division. Regular reports on progress will be provided directly to James Plaskitt - DWP's Minister with responsibility for fraud and error reduction.

Further information on the strategy can be obtained from Raman Dhaliwal on 020 7712 2596. E mail: raman.dhaliwal@dwp.gsi.gov.uk. Copies of the strategy document can be obtained from [www.dwp.gov.uk/publications/dwp/2007/error_strategy.asp](http://www.dwp.gov.uk/publications/dwp/2007/error_strategy.asp)

The future for HB/CTB Data Collection

To further reduce the burden of supplying information from LAs to DWP, the two main HB scans will become one after April 2008. This is one of the many developments planned for the near future.

What will this mean for Data Matching Referrals?

- **Customer Centric Referrals** - creating a referral for each customer that identifies all areas of incorrectness, including Risk Score as a single package. The idea is currently being explored and we hope to provide more information over the coming months.

- **Two-way Electronic transfer of data** - this will remove the need for the current system of using Couriers to pass information between LAs and DWP. LAs will transfer the one merged scan to DWP each month. DWP will pass back, via the same route, HBMS Referrals, Risk Based Reviews, Scan Products, Electronic Reports and more. Information passing between us will be quicker and more up to date.

Contact: jan.ripley@dwp.gsi.gov.uk

Exploiting Credit Reference Agency data

Data held by Credit Reference Agencies (CRAs) is potentially useful in uncovering evidence of a financial relationship between a customer and another person. So far, Jobcentre Plus has successfully piloted matching Income Support claims with CRA data.

Following this success, we have received several responses from LAs volunteering to pilot matching HB/CTB claims with CRA data. This pilot will explore the potential for uncovering fraud and customer error within the HB caseload; specifically non-residence, undeclared non-dependants, landlord/tenant relationships and possible sub-letting. If the pilot is successful, this data match will be rolled out nationally.

Contact: graham.dove@dwp.gsi.gov.uk

Targeted mailshots

**Q:** What's white, has a reply-paid envelope and was popped through 730,000 letter-boxes last week?

**A:** A targeted mailshot letter.

Following an overwhelming response to our article in January's *HB Direct*, the Targeted Mailshot Pilot took off with 99 LAs participating. We sent letters to a variety of customers across the country - around 80% of the targeted customers were sent letters, with the remaining 20% being used as control groups. This allows us to compare the number of reductions in benefit entitlement over the next few months to see what impact the mailshot has had. We can also tell if mailshots are more effective for certain customers than others, and will publish the evaluation on our website.

To help you make best use of your resources, we'll also be giving you an indication of costs and potential response rates, along with some tips on organising a mailshot in your own LA.

Once we have some results, we're planning to undertake further research later in the year, perhaps to concentrate on more specific areas or customer groups. Watch this space - we'll be asking for volunteers!

Contact: fiona.c.campbell@dwp.gsi.gov.uk