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Chief Executive  
All Councils

28 September 2015

Dear Chief Executive

**Review of activity to reduce fraud and error in housing benefit**

Audit Scotland has carried out a thematic review of the activity undertaken by Scottish councils in order to reduce fraud and error in housing benefit. The review focused on those councils where we have carried out a housing benefit risk assessment within the last few years. In our opinion, the sample included in this report is representative of the situation across Scotland.

We have reviewed intervention activity and identified areas of good practice and where improvement can be made. A copy of the report is attached for reference and a copy has been sent to your benefits manager.

The report highlights that the monetary value of housing benefit fraud and error is steadily rising across the UK, with 2014/15 showing a loss of £1.38 billion. Claimant error is the largest contributor to this figure with a total loss of £770 million.

To minimise fraud and error in the housing benefit caseload, councils must encourage customers to report changes of circumstance on time and have a robust intervention programme to identify unreported changes.

We found that from April 2013, there was a reduction in intervention activity as councils were committed to managing the impact of the UK government's welfare reform agenda. In addition the Department for Work and Pensions' Automated Transfers to Local Authority Systems version 2 (ATLAS 2) reduced the number of housing benefit cases that councils needed to include in their intervention programmes.

However, during 2014/15, there was a significant increase in intervention activity and improvements were introduced to the methods for identifying suitable cases. Although many councils have introduced innovative ways of carrying out interventions which have produced good results, there is scope for further improvement in others.

We hope that your council will find the report helpful in gaining an insight into intervention activity across a number of councils and examples of the practices which may be of interest to your council in striving to deliver continuous improvement.

If you have any questions or concerns, please contact Anne Cairns in the first instance on 0131 625 1926 or by email at [acairns@audit-scotland.gov.uk](mailto:acairns@audit-scotland.gov.uk).

Yours sincerely

A handwritten signature in black ink that reads 'Russell A J Frith'.

Russell Frith  
Assistant Auditor General

Attached: Review of activity to reduce fraud and error in housing benefit



# Review of activity to reduce fraud and error in housing benefit

 AUDIT SCOTLAND

Prepared by Audit Strategy  
September 2015



Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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# Introduction

1. The monetary value of housing benefit (HB) fraud and error is steadily rising across the UK, with 2014/15 showing a loss of £1.38 billion. Claimant error is the largest contributor to this figure with a total loss of £770 million.
2. This report looks at the activity undertaken by councils in order to reduce fraud and error in HB caseloads. We have reviewed intervention activity across a number of Scottish councils identifying areas of good practice and where improvement can be made. We have focused on those councils where we have carried out a HB risk assessment activity within the last few years. In our opinion, the sample of 19 councils included in this report is representative of the situation across Scotland.
3. We hope councils find this report useful in identifying initiatives which may be helpful in striving to deliver continuous improvement and reduce fraud and error in the HB caseload.
4. The councils included in this review are:

Aberdeenshire Council	Angus Council	Argyll & Bute Council	City of Edinburgh Council
Comhairle Nan Eilean Siar	Dundee City Council	East Ayrshire Council	East Dunbartonshire Council
East Renfrewshire Council	Falkirk Council	Glasgow City Council	Midlothian Council
Perth & Kinross Council	Scottish Borders Council	South Ayrshire Council	Stirling Council
The Highland Council	West Dunbartonshire	West Lothian Council	

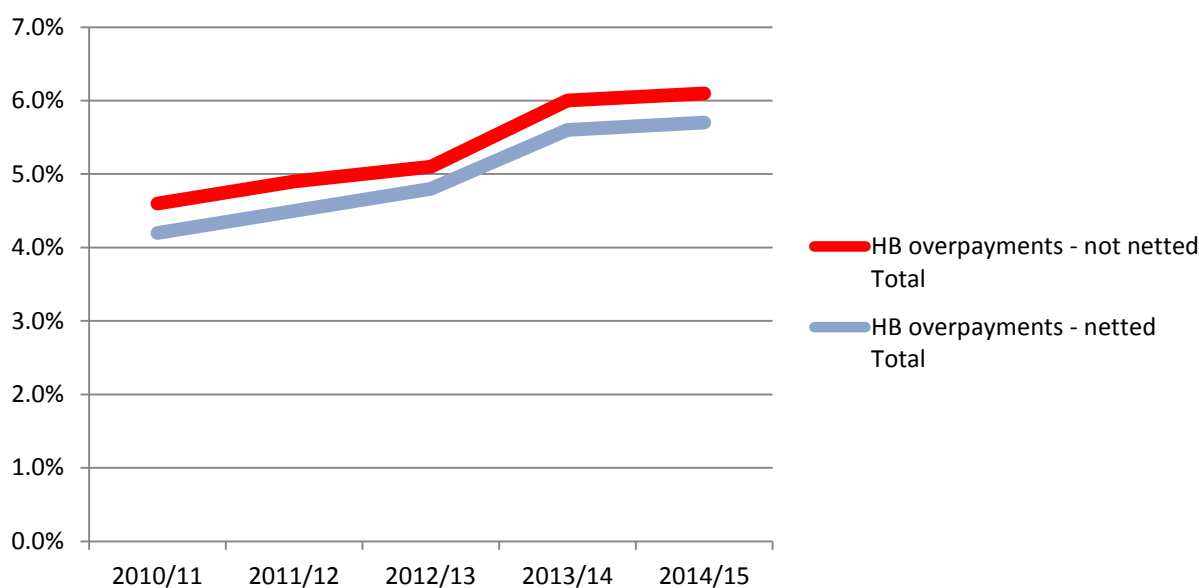
# Key messages

5. To minimise fraud and error in the HB caseload, councils must encourage customers to report changes of circumstance on time and have a robust intervention programme to identify unreported changes. Without effective intervention activity, councils cannot have assurance that the right benefit is given to the right person at the right time, and that errors and other financial losses are minimised.
6. In 2013/14, there was a reduction in intervention activity in many councils as resources were committed to managing the impact of the UK government's welfare reform agenda. In addition the Department for Work and Pensions' (DWP) Automated Transfers to Local Authority Systems version 2 (ATLAS 2) reduced the number of HB cases that councils needed to include in their intervention programmes.
7. However, during 2014/15, there was a significant increase in the number of interventions carried out and improvements in the methods for identifying suitable cases. The high percentage of claims subject to proactive intervention activity resulting in a change to the customer's benefit in Angus, City of Edinburgh, Falkirk and South Ayrshire Councils is testament to the targeted approach that these councils have been undertaking.
8. Although some councils have introduced innovative ways of carrying out interventions which have produced good results, further improvement is required in others.

## Background

9. Councils administer HB on behalf of the DWP. The effectiveness of councils' local arrangements in respect of the accuracy of HB claims, as well as how quickly and efficiently claims are processed, affects the amount of subsidy received from the DWP.
10. The monetary value in respect of HB fraud and error has been steadily rising across the UK, with the latest National Statistics for 2014/15 estimating that it costs the UK economy £1.38 billion (5.7% of total UK HB expenditure). Although this is a reduction from the published 2013/14 loss of £1.45 billion (6% of total HB expenditure), this is due to a change in the methodology used by the Office of National Statistics (ONS) to calculate the statistics. From 2014/15, ONS have netted off underpayments from overpayments instead of counting both gross as they did in previous years. Using the previous methodology, HB fraud and error in 2014/15 would have been £1.48 billion (6.1% of total HB expenditure). Exhibit 1 below shows the trend in HB fraud and error since 2010/11.

**Exhibit 1 HB fraud and error as a % of total benefit expenditure 2010/11 to 2014/15**



Source: DWP Fraud and error in the benefit system 2014/15

11. To minimise fraud and error in the HB caseload, councils must encourage customers to report a change of circumstances on time, have a robust intervention programme in place to identify unreported changes, and take appropriate corrective action.
12. In recent years, welfare reforms have resulted in council benefit services undertaking additional and different types of work. This includes the removal of the spare room subsidy, the introduction of the Scottish Welfare Fund and the Scottish Council Tax Reduction Scheme and a greatly increased Discretionary Housing Payment budget with sporadic funding. The UK Government planned to replace HB with a DWP administered Universal Credit (UC) in 2013, which would be the biggest change to the welfare system for over 60 years and have a significant impact on local authorities and the services they provide. In order to manage this impending change, many councils had difficulty in planning the resources required in HB services. However, due to significant slippage in the DWP UC project, UC is only now starting to roll out on a very small scale across Scotland.
13. As a consequence, HB services have delivered the welfare reforms while continuing to administer their existing HB caseload in a period of great uncertainty. This and the DWP's focus on the speed of processing new claims and changes of circumstances has resulted in the need for councils to prioritise their workload and in some councils, this led to the reduction or temporary cessation in intervention activity.
14. The volume of interventions fell by 43% between 2011/12 and 2013/14 due to councils concentrating on welfare reforms at the same time as the introduction by DWP in 2012/13 of ATLAS 2. ATLAS 2 is a system to share data on changes to social security benefits and tax credits with councils in order to help the identification of potential



incorrect HB and therefore reduces the number of cases that councils need to include in proactive intervention programmes.

15. However, due to many councils securing resources in HB services as a result of the on-going uncertainty with the migration to UC and responding to recent DWP fraud and error initiatives, most councils have increased intervention activity during 2014/15. Some councils now need to ensure that intervention activities are efficient and effective by focusing on the areas and methods that provide optimum returns.

## DWP initiatives to reduce fraud and error in the HB caseload

16. Over the last year, the DWP has increased its focus on reducing HB fraud and error and has developed a range of initiatives to help councils. These include real time data matching using Her Majesty's Revenue and Customs (HMRC) data and the Fraud and Error Reduction Incentive Scheme (FERIS).

### RTI

17. RTI is HMRC's system for collecting Pay as You Earn (PAYE) information from employers and pension providers. Since October 2014 the DWP has been matching RTI against HB data in councils to identify cases where claimants have either failed to declare or have under-declared earnings or a non-state pension. Councils are responsible for actioning RTI referrals from DWP in order to identify incorrect HB.
18. The RTI initiative targets high value overpayments, therefore not all unreported changes will be identified and therefore the volume of referrals each council receives varies each month.
19. Overall Scottish councils have found RTI referrals useful in identifying overpayments. Many councils have identified overpayments where a second job or an occupational pension was undeclared. However, the lack of detail about hours worked means councils need to review RTI referrals to ensure that the correct action is taken. Exhibit 2 below highlights practices which have proved effective.

#### Exhibit 2 RTI

Council	Good practice
Angus, Stirling and East Renfrewshire Councils	Review of RTI referrals has identified overpayments where a second job or an occupational pension was undeclared.
City of Edinburgh	HB claims are suspended to prevent overpayments occurring

Council	Good practice
Council	where RTI evidence does not match council information and a further review is required.

## FERIS

20. The DWP's FERIS was launched in November 2014 and will run until March 2016. FERIS offers financial reward to councils that identify reductions to HB entitlement above a pre-set threshold. The level of the reward is dependent on the degree to which individual councils exceed their threshold.
21. The first reporting period, covering December 2014 to March 2015 saw two Scottish councils receive payments for exceeding their thresholds. Renfrewshire Council received £19,456 and Clackmannanshire Council received £8,369. The final results for the second reporting period covering April to June 2015 are still being verified by DWP but indications show that four Scottish councils may receive payments.
22. Linked to FERIS, the DWP launched a Performance Improvement Fund (PIF) to provide funding to support councils that develop initiatives to help reduce fraud and error in HB. The PIF comprises two elements:
  - a start-up fund
  - a bid fund.
23. The start-up fund (£6.25 million UK wide for 2014/15) provided councils with funding to get initiatives started. Additional funding of £9.4 million is available across the UK as a "maintenance fund" in 2015/16 to allow councils to maintain start-up activities, or to undertake new initiatives. The £3 million 2014/15 bid fund allowed councils across the UK to bid for funding for new and innovative ideas such as marketing campaigns and IT solutions to help reduce fraud and error.
24. All Scottish councils joined FERIS although not all have applied for either start up or bid funding. All three of the major HB software suppliers received FERIS funding for IT modules to identify higher risk claims for intervention, automatically issue notifications to claimants and upload changes identified to HB systems. These IT modules are available free of charge to councils.
25. Examples of the funding awarded to councils are detailed in Appendix 1. The majority of start-up funding was awarded to provide additional resources for intervention activity. Fewer councils received bid fund awards, however funding has been provided mainly for initiatives to help remind customers to report changes.
26. The DWP has recently announced its "campaign in a box" which allows councils to use DWP templates for publicity campaigns to encourage claimants to report changes of circumstances.

## ATLAS

27. The DWP shares data on changes to social security benefits and tax credits through ATLAS. Therefore council intervention activity should focus on changes not reported by ATLAS, such as changes to earned income.
28. ATLAS was developed on the presumption that it would allow changes to be updated to council HB systems automatically. However this did not materialise. From 2011/12, due to councils experiencing considerable difficulties with the large volume of data provided by ATLAS and issues with duplicate information being received, many councils have worked with software suppliers in order to purchase software to automate some of the lower risk data updates. This can save a significant amount of staff time but it is for each council to decide on how it manages ATLAS updates, specifically, the level of risk it wishes to take in automating updates. The percentage of updates which are automated can vary due to the varying volumes of the different types of ATLAS updates received. City of Edinburgh Council has worked with its software suppliers and has automated all ATLAS updates where possible whereas Comhairle Nan Eilean Siar has very little automated. Appendix 2 provides examples of the level of automation reported by a number of other Scottish councils.
29. Comhairle Nan Eilean Siar suspends claims where ATLAS notifications are most likely to cause an overpayment. These items are then prioritised for action. ATLAS files are also screened to identify any additional changes that may have occurred e.g. to earned income.
30. Falkirk Council has a target for processing ATLAS updates and performance is regularly monitored. As shown in exhibit 3 below, in 2014/15 93% of auto-processed changes were processed on time with 89% of changes requiring some checks to be carried out also processed on time. Targets were revised at the start of 2014/15 hence the apparent deterioration in performance from 2013/14.

### Exhibit 3 Falkirk Council ATLAS performance information.

	2013/14	2014/15
Total no. of ATLAS transactions received	58,113	59,774
No. of ATLAS transactions auto processed	15,115	17,026
No. of ATLAS transactions processed centrally	11,651	13,698
% of batch ATLAS transactions processed on time (target was 3 days in 2013/14 and 2 days in 2014/15)	96%	93%
% of ATLAS transactions processed centrally on time	95%	89%

Source: Falkirk Council

31. Good practices we have identified are summarised in exhibit 4.

**Exhibit 4 ATLAS Good practice**

Council	Good practice
Most councils	A significant amount of work has been undertaken to automate some ATLAS change of details. This allows councils to focus resources on higher risk areas.
Comhairle Nan Eilean Siar	Claims are suspended where ATLAS notifications are most likely to cause an overpayment. These items are then prioritised for action. ATLAS files are also screened to identify any additional changes that may have occurred e.g. to earned income.
Falkirk Council	Targets are set for processing ATLAS updates and performance is regularly monitored.

# How councils encourage claimants and landlords to report change of circumstances

32. It is important that claimants and landlords are aware of their responsibility to report changes of circumstance and encouraged to report them on time.
33. With more councils using risk based verification where claimants assessed as being low risk may not be required to provide evidence to support income, capital details and the number of hours worked, it is especially important to ensure these claimants are aware that they are required to notify the council of any future changes in these areas.
34. Scottish councils have various initiatives in place to encourage claimants to report changes. Many of these have been introduced since the introduction of FERIS funding and as a result activity in this area has increased over the last nine months.
35. As standard, councils include reminders in letters to customers and in many cases, also include a change of circumstances form with decision notices, letters and council tax bills. Within the benefit sections on council websites information is provided in respect of overpayments and the need to report a change of circumstances along with details of how customers should report a change e.g. a downloadable form. In addition, many HB application forms have a section to remind claimants to notify the council of changes in circumstances. Other initiatives of particular note are included in the exhibit below.

**Exhibit 5 Good practice in encouraging claimants to report change of circumstances**

Council	Good practice
Angus, City of Edinburgh, East and West Dunbartonshire Councils	A text reminder service asking claimants to report changes is being implemented.
City of Edinburgh Council	Risk based verification is in place for new claims and change of circumstances. The council is finding that risk based verification is delivering efficiencies by reducing the requirement to verify earnings and other changes to source documentation for low risk claims.
City of Edinburgh Council	A media campaign launched revised online HB claim forms along with a reminder for claimants to report changes.
Comhairle Nan Eilean Siar	In order to encourage landlords to notify changes to the authority at the earliest opportunity, overpayments are automatically recovered from a landlords' next payment where the landlord could reasonably be expected to know that they are being overpaid e.g. where a tenancy has ended or the tenant has died.
Dundee City Council	Postcards are dispatched and posters are displayed to encourage claimants to report changes.
East, North and South Ayrshire Councils, Glasgow City & the Scottish Borders Councils	Radio, poster, magazine and leaflet media campaigns are being used to encourage claimants to report changes.
East Dunbartonshire Council	Tenancy changes are received automatically from the largest housing associations and the council housing department.
East Renfrewshire Council	A leaflet ' How we work out your benefit' has been published which includes information about the types of changes of circumstances that should be reported. An appointment system for claimants to provide information has been introduced to reduce time spent following up evidence claimants fail to provide. A text reminder is also sent to the claimant one day before the appointment.
Falkirk Council	HB officers attend tenancy sign-ups and the council uses information customers provide for one function e.g. a change of address, across others services such as council tax, and housing rents.

Council	Good practice
Glasgow City Council	Two dedicated officers liaise with landlords on an ongoing basis and as a result, a significant number of landlords provide their rent files electronically which automatically upload changes to the HB system.
Scottish Borders Council	An interface is in place with the three largest registered social landlords, the council homeless service and the local registrar to ensure changes are notified promptly.
Stirling Council	To help ensure claimants are aware of changes they need to report, a facility is in place for claimants to view their HB claim online. This includes details such as the award notice and the income used in the HB calculation.
The Highland Council	Claimants are encouraged to report change in circumstances through various channels including a Freephone number, email, and by working closely with partners such as housing associations, the Citizen's Advice Bureau and the council's housing department. The council also regularly advise private landlords of their responsibilities and the need to notify the council of any change in circumstances which they are aware of.
The Highland Council	Translation services including braille, audio transcript, Polish, Gaelic and other languages as necessary are offered to ensure all customers understand paperwork sent to them. As per the council's FERIS bid, a significant customer engagement programme and media campaign is being progressed.

# Intervention strategies and plans

36. It is vital that intervention activity is effectively planned, risk based and proportionate and that outcomes are analysed to help inform future intervention plans and to ensure that activity is achieving value for money.
37. Intervention strategies and/or plans should be in place which typically include details of the approach for at least the year ahead including; the methods used to identify claims at most risk of change, the manner in which interventions will be carried out (e.g. by letter), a time line of planned activity, and details of the analytical, monitoring and

reporting mechanisms that will be used to measure outcomes. The strategy/plan should be reviewed regularly.

38. There is a varied picture across Scotland. Detailed plans were in place in many councils up to 2012 before the implementation of changes arising from the welfare reform agenda took priority. However, over the last nine months, councils have been developing new, or revising existing plans, following the launch of FERIS and the receipt of RTI referrals. Details of some of these plans are shown in exhibit 6 below along with some areas we have identified which require improvement in exhibit 7.

#### Exhibit 6 Intervention strategies and plans & improvement areas

Council	Details of plan and strategies
Aberdeenshire, East Renfrewshire and Midlothian Councils	Intervention programmes are in place which include details of the types of claims to be targeted and the methods used to identify high risk claims.
Argyll & Bute Council	An Accuracy Programme is in place which consists of five work streams which includes the interventions methods to be used and the evaluation of outcomes.
City of Edinburgh Council	"Intervention procedures" are in place to ensure a consistent approach.
East Ayrshire Council	A strategy is in place detailing planned intervention activity and the types of cases to be targeted.
Glasgow City Council	An interventions campaign strategy is in place setting out the type and number of interventions to be carried out each month, and takes into consideration the information that is already provided e.g. from RTI and council tax single persons discount reviews.
Stirling Council	Procedures for intervention activity are in place which include the council's annual intervention programme on a month by month basis.
The Scottish Borders Council	The intervention strategy was revised but, it was not fully implemented in 2014 as planned due to competing welfare reform priorities. The strategy has been revised again recently to reflect RTI referrals and was implemented during 2014/15.

39. Some improvements were identified during our review of strategies and plans. These improvement areas may be applicable to a number of councils. Details are shown below in exhibit 7.

### Exhibit 7 Intervention strategies and plans: improvement areas

#### Improvement area

A Quality Performance Strategy is in place in one council however in 2013, due to the implementation of the changes arising from the welfare reform agenda, proactive intervention activity was reduced and information was not collated in order to review the effectiveness of activity undertaken. The service has plans in place to revise the strategy in 2015.

Another council has not had a programme of proactive intervention activity since 2012 although the council has continued to action ATLAS updates and pre-noted diary events. In common with other councils, proactive intervention activity has recommenced at the end of 2014.

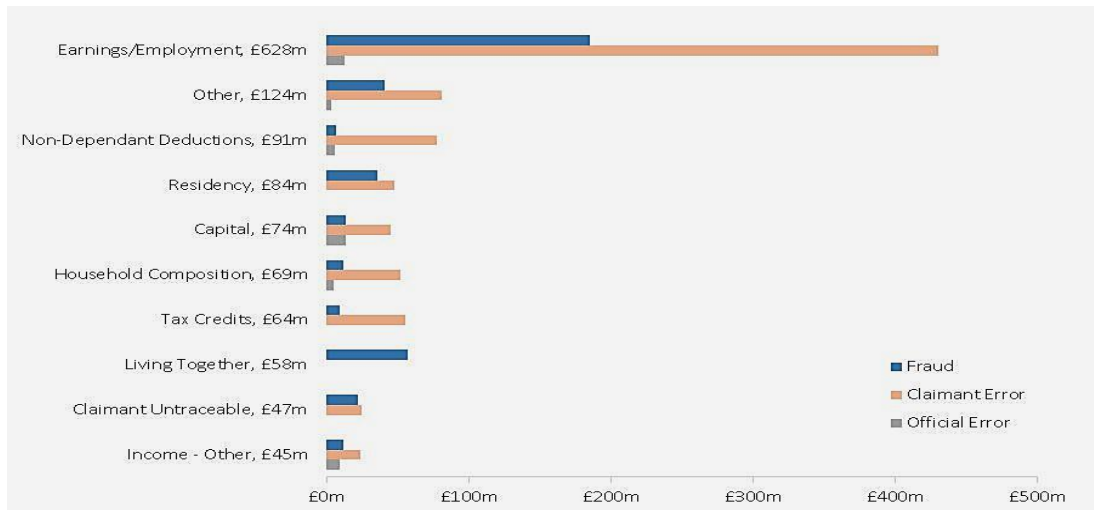
A third council does not have a proactive intervention programme in place. Intervention activity is undertaken only using RTI referrals and the HBMS risk file.

## How councils target intervention activity

40. It is important that intervention activity is targeted on the HB claims most likely to have an unreported change of circumstances. Scottish councils use information they receive from other sources e.g ATLAS changes, RTI referrals and the DWP's Housing Benefit Matching Service (HBMS) high risk data file to help identify claims with unreported changes. However proactive intervention activity is also required as these methods cannot provide assurance that all claim types are being paid correctly and that overpayments are being minimised.
41. The DWP issued their Housing Benefit Fraud, Error and Debt Reduction Strategic Approach in March 2015 showing a breakdown of the 2013/14 HB fraud and error UK statistics by loss type. Exhibit 8 shows claimant error, and specifically earnings error is by far the greatest area of loss. Other causes of fraud and error such as not declaring non-dependants in the household, non-residency, and capital have also resulted in large losses.



**Exhibit 8 Breakdown of Overpayments in HB 2013/14.**



Source: DWP-Fraud and Error in the Benefit System 2013/14

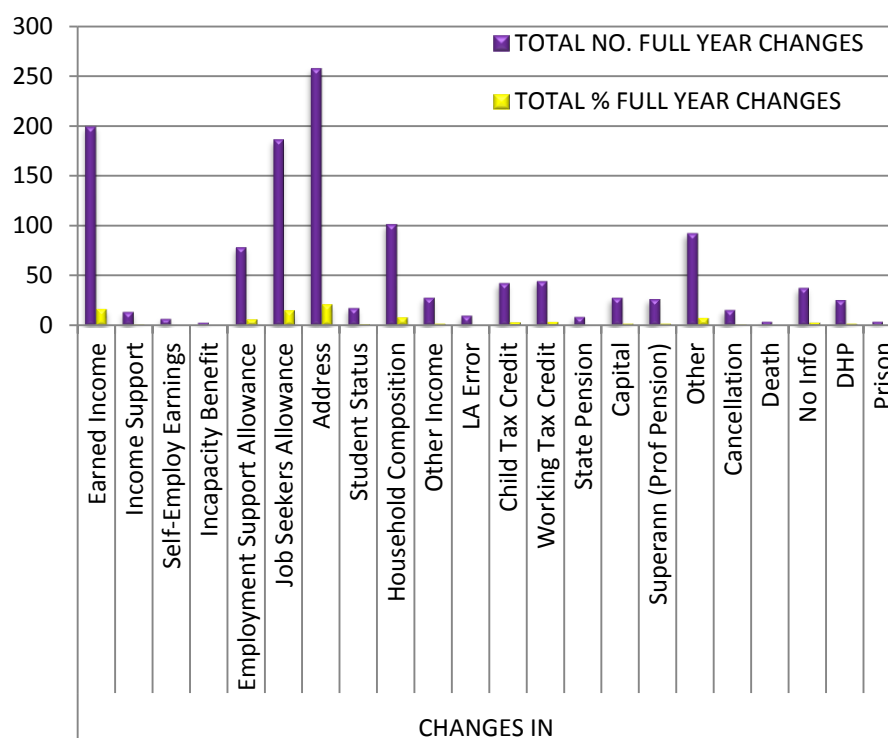
42. As shown in Exhibit 9 below, Scottish councils use a variety of methods to identify cases for proactive intervention. All councils use benefit system weekly reports that list significant age changes and those cases where a future change had been previously noted. As discussed previously, software suppliers received FERIS funding to develop software which may help target high risk claims.

**Exhibit 9 Sources used to target intervention activity**



- 43. Proactive intervention activity in Scottish councils is targeted at a number of different claim types. Appendix 3 shows the claimant groups being specifically targeted by councils.
- 44. Argyll & Bute Council run system reports identifying claims with the greatest risk of change, review overpayment reasons as detailed in Exhibit 10, and review the outcomes from previous intervention activities to establish any trends and patterns.

**Exhibit 10 Overpayments created by unreported change in circumstances 2013/14**



Source: Argyll & Bute Council

- 45. As shown above, "address" is the highest category of overpayment. Councils can access the National Fraud Initiative's (NFI) *application checker* module which is normally used at the initial point of a claim to compare information across a number of data bases and help identify any discrepancies. The application checker could also be used for existing claims. This may be an efficient way to quickly verify details for certain groups of claimants.
- 46. Details of other good practice activities being undertaken by councils are shown in the exhibit 11 below.

**Exhibit 11 good practice in the targeting intervention activity**

Council	Initiative
Angus Council	The service adopted a risk based approach by trying to predict when changes are likely to occur for a claim. The service has examined it's caseload by income type and undertook an exercise to input against each claim a diary event of when there was most

Council	Initiative
	likely to be a change of circumstances in the claim. Following this exercise procedures were adopted to ensure that after inputting a new claim or change of circumstances officers also review the claim and input a diary event of when there was likely to be a further change of circumstances. These diary events are reported on weekly.
East Ayrshire Council	Plans are in place to review certain groups of claimants such as those claimants over 55 years of age who may have taken pension withdrawals following the UK government's recent change to accessing pensions.
East Renfrewshire Council	The council has identified a number unreported changes relating to its own employees and a campaign is being developed to remind employees of the need to report changes.
Glasgow City Council	A review of passported claims has identified a number of ATLAS changes which the council had not received. Relevant claims have been identified and are being updated. The council also has council tax staff working alongside HB staff and found this arrangement to be effective in identifying where a change in council tax may indicate an unreported change affecting HB.
Midlothian Council & The Highland Council	Intervention activity is targeted based on analysis of overpayments to identify trends in the cause of overpayments.
South Ayrshire Council	Overpayment reports have been developed which review levels of claimant error overpayments and help the council to better target intervention activity.
Scottish Borders Council	<p>Information is checked across systems such as social work financial assessments, educational benefit applications, DHP, council tax and the Scottish Welfare Fund to identify and investigate any discrepancies.</p> <p>Examples of how this has highlighted inconsistencies include tax credit information provided for educational benefit claims which has differed from the information provided in respect of HB claims, additional occupants have been identified on Scottish Welfare Fund applications and changes to rent liability and capital have come to light from homecare applications.</p>

# Who carries out intervention activities?

47. In most cases, intervention activity is undertaken by the benefit service, with some services having specific intervention teams. However, in order to improve efficiency, other council departments or external organisations are involved in the process. Examples of current practices are included in the exhibit 12 below.

**Exhibit 12 who carries out intervention activity**

Council	Practice
Angus Council	The benefit service carries out the majority of interventions by telephone. However the revenues and benefits service's visiting officers carry out intervention visits on high-risk claims.
Argyll & Bute Council	A dedicated FERIS team of benefit assessors is in place to concentrate on change of circumstances work.
City of Edinburgh Council	An interventions team is in place which concentrates on risk based interventions. In addition, some ad-hoc visits are carried out jointly with the Pension Service.
Comhairle Nan Eilean Siar	The officer responsible for new claims sends out interventions. Once all relevant documentation is received, it is passed to the change of circumstance processing team.
Dundee City Council	A RTI team consisting of six members from the benefit service has been set up to action all RTI referrals. This has reduced the need to train all staff in RTI processes.
East Renfrewshire Council	The service makes good use of the council's Arrears Control Liaison Officer to carry out visits on behalf of the benefit service.
Falkirk Council	All DWP reported changes are dealt with by a centralised team who carry out further interventions and checks where appropriate.
Glasgow City Council	An intervention team consisting of a team leader, four interventions officers, and supported by a dedicated visiting officer is in place. The team is located alongside the overpayments team who report to the same senior manager to ensure synergy between the causes for overpayments and targeted intervention.
Midlothian Council	The revenues service has a dedicated visiting officer to carry out notified intervention visits.
Stirling Council	The Revenues and Benefit Support Unit carries out interventions

Council	Practice
	and reviews.
Scottish Borders Council	Intervention activity is dealt with by HB assessors. However going forward the council plans to take a two tier approach in order to make best use of assessor's specialised skills. Front line staff will deal with issuing interventions and collecting the relevant evidence. Following receipt of all information it will be passed to assessors who will reassess HB awards.
The Highland Council	The operations team carries out intervention activity. A dedicated benefit visiting team undertake intervention visits which include visits to new private tenants to ensure residency. The council's income management team carries out similar visits in respect of new council tenants. In addition, the council's investigation team pursues a failure to report changes where there is an indication of fraudulent intent.

## Outcomes of intervention activity

48. It is important that outcomes are recorded and analysis undertaken to ensure resources are used efficiently and effectively in order to deliver planned outcomes. Varying success rates have been reported for intervention activity carried out as shown in exhibit 13. However it is evident from the exhibit that intervention activity volumes dropped overall by 43% between 2011/12 and 2013/14 to concentrate on welfare reforms although volumes have improved in most councils from 2014/15.

**Exhibit 13 outcomes of intervention activity**

Council	2011/12		2012/13		2013/14		2014/15	
	No.	% changes	No.	% changes	No.	% changes	No.	% changes
Angus Council	2940	89	2698	92	2874	88	1276	90
Falkirk Council	5233	23	4983	8	355	84	758	84
South Ayrshire Council	570	72	460	60	226	75	311	77
City of Edinburgh Council	6082	50	3669	54	2124	65	3190	75
Comhairle Nan Eilean Siar	n/k		n/k		359	70	220	72
Midlothian Council	133	n/k	489	n/k	867	55	892	71
Argyll & Bute Council	4742	63	3026	65	1679	66	2077	70
Stirling	1314	62	1372	69	1409	60	1289	70
Perth & Kinross Council	631	n/k	741	n/k	374	66	1129	66
East Dunbartonshire Council	1748	65	2260	55	1089	74	1849	63
Dundee City Council	1950	n/k	232	n/k	0	0	393	63
West Dunbartonshire Council	1448	23	1679	16	1312	31	1528	48
Aberdeenshire Council	4107	40	3165	40	2788	52	2956	47
Scottish Borders Council	1427	16	684	17	1819	61	767 *	47
The Highland Council	4681	15	7450	11	3259	28	3442	43
Glasgow City Council	26647	4	20533	5	13978	14	23119	21
Clackmannanshire Council	1142	n/k	836	n/k	584	n/k	403	n/k
East Renfrewshire Council	867	n/k	n/k	n/k	2443	n/k	1301	n/k
<b>Total</b>	<b>65662</b>		<b>54277</b>		<b>37539</b>		<b>46900</b>	

N/k- not known

\* The Scottish Borders Council had software issues regarding the recording of DWP Real Time Information (RTI) referrals. Total interventions are estimated by the council to be around 1,000 for 2014/15.

West Lothian Council had limited information making any meaning comparison difficult

49. The high percentage of cases resulting in a change to the customer's benefit in Angus, City of Edinburgh, Falkirk and South Ayrshire Councils is testament to the targeted approach that these councils have been undertaking.
50. In addition, we found that some councils are analysing the outcomes from interventions to help refine their approach and target resources on areas which have proved successful in identifying unreported changes of circumstances. Examples of analysis being undertaken along with details of where improvements could be made are shown in Exhibits 14 and 15 below.

#### Exhibit 14 Analysis of intervention outcomes

Council	Analysis
Argyll & Bute, East Renfrewshire, Falkirk and Stirling Councils	Outcomes from intervention activities are analysed and the value of overpayments and underpayments that have been identified are linked to each intervention type. East Renfrewshire Council recently started its analysis in 2015/16.
City of Edinburgh Council	The service records the number of interventions issued and completed, the value of over/underpayments identified, the number of changes identified using the various intervention activities and methods, the root cause of error reasons as well as a breakdown of staff errors, if any.
Glasgow City Council	The interventions approach has been revised to include interventions targeted at higher risk claims. Previous blanket intervention campaigns did not result in a large percentage of identified changes. The council has also set up a team to monitor overpayments looking at the level of overpayments raised, any claimant specific groups e.g. those claimants with the same landlord, and also analyses the root cause e.g. failure to declare an increased income.
Midlothian Council	In respect of visits, the service records how many interventions it has carried out, the dates of initial and follow up visits, whether the visits were effective and the monetary value of changes in entitlement.
Scottish Borders Council	The service records and reports on the effectiveness of its activity however, the council does not record the financial value of under and over payments.
The Highland Council	The service carried out a full review of the council's caseload in 2011/12 and 2012/13 to ensure the council had a recently completed application form in all cases. However, this provided the council with little assurance that it was effectively targeting resources on minimising error in its caseload. Intervention outcomes have improved significantly from

Council	Analysis
	2013/14 due to more effective targeting of the caseload.
West Dunbartonshire Council	Records are maintained detailing whether there was an increase, decrease or no change to HB awards and the intervention method e.g. postal. Additional analysis of the root cause of the change may help to focus future activity.

51. As shown in exhibit 15 below, it is of concern that some councils have either not been carrying out proactive interventions or not recording the outcomes from interventions in sufficient detail to establish the effectiveness of their activity.

**Exhibit 15 Improvement areas regarding analysis of outcomes**

Activity
<p>One council has not carried out any proactive interventions since 2010. This was a conscious decision by the council to concentrate its resources on improving processing performance at the expense of intervention. Intervention activity was limited to reviewing those cases where a potential change in circumstances had been previously noted on the benefits IT system diary. A new intervention plan was put in place at the end of 2014/15 to re-commence proactive intervention activity.</p>
<p>One council previously had a target to review 600 cases each year. This was reduced to 300 from 2013/14 due to the impact of welfare reform although no analysis of the caseload was undertaken to determine if this target was appropriate. The council is introducing a quarterly performance indicator relating to the percentage of changes due to reviews against the number issued to help monitor the effectiveness of its activity.</p>
<p>Intervention performance is currently evaluated by another council by comparing the number of changes identified to the number of interventions issued. Comparison instead with the number of interventions actually completed would provide a more accurate picture.</p>
<p>The results of current intervention work are unknown in three councils. In one of these councils, the recording of the outcome of intervention activity has been limited since the migration to a new IT system in 2012. However, the council has introduced an improved monitoring system from 2015/16.</p>



# Review of intervention methods used in Scotland

52. Intervention methods need to provide councils with optimum returns. Over the last few years, many councils have moved away from visiting claimants and adopted quicker and potentially more efficient means of carrying out interventions. This includes the use of telephone and postal interventions, as well as the changes provided electronically e.g. through ATLAS. The methods currently used are shown below in Exhibit 16.

**Exhibit 16 Intervention methods used in Scotland**



53. Many intervention methods have been adopted as a result of local arrangements and relationships and/or local circumstances. As shown in Appendix 4, the most councils use postal and telephone interventions with visits undertaken, if appropriate. Other initiatives of particular note are shown in exhibit 17 below.

**Exhibit 17 Intervention methods**

Council	Good practice
Aberdeenshire Council	A review of their intervention activity found the previous method of using visits was not providing planned outcomes. The review identified that in terms of the number and percentage of changes identified telephone and postal reviews were more effective.
Angus, City of Edinburgh, East Dunbartonshire and West Dunbartonshire	A text reminder service asking claimants to report changes is being implemented. The text sent to claimants includes a link to the council's online change of circumstances form.

Council	Good practice
Councils	
Midlothian Council	Analysis of 825 visits undertaken by during 2013/14 identified that 469 (57%) were either partly effective or unsuccessful. The council has since reviewed its processes and now undertakes more postal interventions and provides claimants with more information prior to visits to help improve outcomes.
Perth & Kinross Council	The analysis of intervention outcomes has identified that effective targeting of evening visits has identified a number of unreported 'living together' changes.

## Fraud prevention

54. Despite the on-going transfer of council HB fraud officers to the DWP's Single Fraud Investigation Service (SFIS), councils retain a responsibility to minimise fraud in the HB caseload. This includes sifting 2015 NFI HB matches for potential fraudulent activity.
55. It is considered good practice to attempt to deter fraud from occurring in the first place e.g. by advertising successful prosecutions and any pro-active fraud initiatives. In order to act as a deterrent to others considering fraud, many councils including Argyll & Bute, Dundee City, East Renfrewshire, Falkirk, Stirling, and West Dunbartonshire Councils prioritise the recovery of fraudulent overpayments and administrative penalties. Where appropriate a higher rate of recovery for fraudulent overpayments is applied to on-going benefit. Where the customer is no longer in receipt of benefit, an invoice is issued.
56. Falkirk Council recovered all administrative penalties issued for 2013/14 and East Renfrewshire Council recovered 71.54% of all administrative penalties issued in 2014/15. This demonstrates a commitment by these councils to proactively pursue those found to be fraudulently claiming HB. However nearly £22,500 of administrative penalties were outstanding in 2014 in West Lothian Council, with the council only recovering £45 per month. This debt has since been reviewed and is being recovered by the corporate debt team.
57. Various other counter fraud initiatives are in place in Scottish councils, some of which are shown in exhibit 18 below.

**Exhibit 18 Counter fraud practices**

Council	Practice
Falkirk Council	<p>Fraudulent overpayments are annotated on the benefit IT system to allow increased monitoring and prioritised for recovery.</p> <p>Participation in the previous NFI exercise resulted in 31 interventions resulting in £134,352 of HB and council tax reduction overpayments being identified. As a result, experienced staff have been redeployed to the current NFI exercise.</p>
Glasgow City Council	<p>The recovery of HB overpayments is included in the contract with the council's debt management partners.</p>
West Dunbartonshire Council	<p>Fraud awareness sessions are delivered to benefit and other staff highlighting the importance of the benefit service being notified of change of circumstances.</p>

# Appendix 1- FERIS funding

Council	£ and type	Funding
Aberdeenshire Council	<b>Start up funding</b> - £15,179	<b>Start up funding</b> -for an additional staff resource to concentrate on change of circumstances and for publicity around reporting changes. Maintenance funding was received to retain this additional resource in 2015/16.
Angus Council	<b>Start up funding</b> - £6,000 <b>Bid fund</b> -£37,960	<b>Start up funding</b> -for an interventions IT module to identify high risk claims. <b>Bid fund</b> -for promotional material, an additional temporary post and an intervention text messaging IT module.
Argyll & Bute Council	<b>Start up funding</b> -£8,400	<b>Start up funding</b> -to undertake a significant review of intervention activity assisted by a consultant. Maintenance funding was received to develop the project through 2015/16.
City of Edinburgh Council	<b>Start up funding</b> - £46,686	<b>Start up funding</b> -to increase staff resources in the intervention team. Maintenance funding was received to retain this additional resources in 2015/16.
Dundee City Council	<b>Start up funding</b> - £21,125	<b>Start up funding</b> - for staff resources to undertake telephone interventions in the evenings and weekends, to undertake interventions on claims with working tax credit changes, training housing and registered social landlords how to encourage customers to report changes, and a postcard and leaflet media campaign.
East Dunbartonshire Council	<b>Start up funding</b> - £6,600	<b>Start up funding</b> - to use overtime to target intervention activity at claimants with occupational pensions, non dependants and earned income. Maintenance funding was received in 2015/16.
East Renfrewshire Council	<b>Start up funding</b> -£4,285	<b>Start up funding</b> - for a temporary member of staff to deal with intervention activity. Maintenance funding was received to retain this additional resource in 2015/16.
Falkirk Council		Maintenance funding was received for an electronic change of circumstances form.
Glasgow City Council	<b>Start up funding</b> -	<b>Start up funding</b> - to set up a project team and a separate operations team to focus on change of circumstances.

Council	£ and type	Funding
	£101,000 <b>Bid fund-</b> £95,956	<b>Bid fund-</b> for a poster campaign on buses and in the underground and a newspaper campaign. In addition a radio campaign was undertaken, in conjunction with neighbouring councils across a number of radio stations. Maintenance funding was received in 2015/16.
Midlothian Council	<b>Start up funding -</b> £7,800	<b>Start up funding -</b> to employ an extra employee. Maintenance funding was received to retain this additional resource in 2015/16.
Perth & Kinross Council	<b>Start up funding -</b> £4,000	<b>Start up funding -</b> for staff resources for intervention activity. Maintenance funding was received for a fixed term post.
Scottish Borders Council	<b>Start up funding-</b> £5,440	<b>Start up funding-</b> for staff resources and to carry out a radio and magazine advertising campaign. Maintenance funding was received to retain this additional resource in 2015/16.
South Ayrshire Council	<b>Start up funding-</b> £9,200	<b>Start up funding-</b> to undertake a joint media campaign with the other two Ayrshire council using radio advertising, leaflets and posters on buses, in restaurants and bars. Maintenance funding was received to undertake remote processing of change of circumstances.
Stirling Council	<b>Start up funding-</b> £12,000	<b>Start up funding-</b> to recruit an additional member of staff to concentrate on interventions. Maintenance funding was received to retain this additional resource in 2015/16.
The Highland Council	<b>Start up funding -</b> £19,184 <b>Bid fund-</b> £32,150	<b>Start up funding -</b> for new intervention software and a system to help identify claims suitable for a review. <b>Bid fund-</b> to undertake a customer engagement project in order to identify the reasons why claimants do not report changes and then to review the findings with a view to amending current practices in order to make the reporting of changes easier for claimants. In addition the council is introducing a "Claimant Commitment" promising claimants a short turn around timescale when they submit wage slips. A facility is available to allow claimants to submit wage slips electronically. The council are also undertaking internal data matching mainly to verify household composition. This is focusing on claims with students, council employees, pensioners, single adults and claimants with capital close to benefit assessment limits. Maintenance funding was received for media advertising of the "Claimant Commitment" as well as in-house data matching and staff resource.

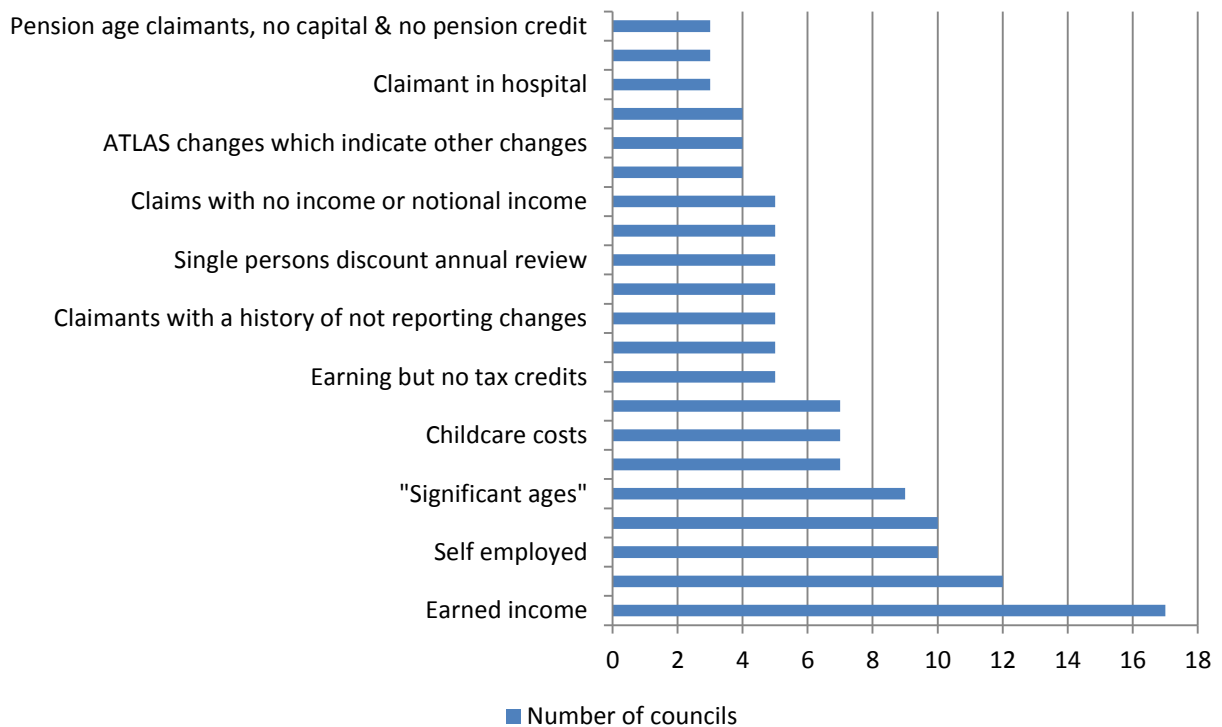
Council	£ and type	Funding
West Dunbartonshire Council	<b>Start up funding-</b> £13,993	<b>Start up funding-</b> for staff resources, an online texting facility for change of circumstances and for increased correspondence costs. Maintenance funding was received in 2015/16.
West Lothian Council	<b>Start up funding-</b> £17,415	<b>Start up funding-</b> for additional staff resources, overtime, a poster campaign, staff training and development costs for a web based change of circumstance form. Maintenance funding was received in 2015/16.

# Appendix 2-ATLAS

Council	approximate % of ATLAS updates automated
City of Edinburgh Council	All where possible
East Dunbartonshire Council	90-94%
Dundee City Council	80-85%
Angus Council	70%
Glasgow City Council	70%
The Highland Council	60-70%
The Scottish Borders Council	60-70%
Aberdeenshire Council	60%
Perth & Kinross Council	60%
South Ayrshire Council	60%
Midlothian Council	50%
Stirling Council	33%
West Lothian Council	20%
Comhairle nan Eilean Siar	Very little

# Appendix 3- Claimant groups targeted for intervention activity

## Claimant groups targeted for intervention activity





# Appendix 4-Intervention methods used by Scottish councils

Council	Visits	Postal	Phone	Text messaging	Comments
Angus Council	✓		✓	✓	Visits are only carried out where necessary
Argyll & Bute Council	✓	✓	✓		The method used varies across campaigns and to ensure the cost is proportionate to expected outcomes.
City of Edinburgh Council	✓	✓		✓	Some ad hoc visits are conducted jointly with the Pension Service
Comhairle Nan Eilean Siar	✓	✓	✓		Visits carried out for vulnerable claimants. Only a small number of telephone interventions are carried out.
Dundee City Council		✓	✓		Telephone interventions have only been undertaken from 2015/16.
East Dunbartonshire Council		✓	✓	✓	Implementing text reminder service
East Renfrewshire Council	✓	✓			Visits are only carried out where appropriate e.g. to confirm residency.
Falkirk Council	✓	✓			Visits are only carried out where appropriate e.g. to confirm residency.
Perth & Kinross Council	✓		✓		Visits only conducted where there are concerns about a claim.
South Ayrshire Council	✓	✓			Visits are only carried out on one day per calendar month.

Council	Visits	Postal	Phone	Text messaging	Comments
Stirling Council	✓	✓	✓		Visits carried out for vulnerable claimants. Only a small number of telephone interventions are carried out.
The Highland Council	✓	✓			Where forms are not returned these are followed up by a home visit. Visiting Officers undertake new claim home visits.
West Dunbartonshire Council	✓	✓		✓	Only a few visits undertaken.
West Lothian Council		✓			Interventions all by post