

AUDIT AND GOVERNANCE COMMITTEE

25th September 2014

BENEFITS INVESTIGATIONS 1 April 2014 – 30 June 2014

Relevant Portfolio Holder	Councillor John Fisher, Portfolio Holder for Corporate Management
Portfolio Holder Consulted	√
Relevant Head of Service	Amanda de Warr, Head of Customer Access and Financial Support
Wards Affected	All Wards
Ward Councillor Consulted	
Non-Key Decision	

1. SUMMARY OF PROPOSALS

To advise Members on the performance of the Benefits Services Fraud Investigation Service. This report gives performance information for the team from 1st April 2014 to 30th June 2014.

2. RECOMMENDATIONS

The Committee is asked to RESOLVE that subject to any comments, the report be noted.

3. KEY ISSUES

Financial Implications

3.1 Direct expenditure for the year from 1st April 2013 to 31st March 2014 in relation to Housing Benefit and Council Tax Support amounted to just under £20m.

3.2 The successful investigation of fraud can impact upon other areas of benefit administration. On the files closed during the period of this report, the team identified £4,670 in overpaid Housing Benefit and £599 in excess Council Tax Benefit/Reduction.

Legal Implications

3.3 There are no specific legal implications.

Service/Operational Implications

3.4 The dedicated counter fraud team's purpose is to prevent and deter fraud as well as investigating any suspicions of fraudulent claims against the Authority.

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- 3.5 The Benefits Service decides entitlement to Housing Benefit and Council Tax Support in the local area. At the end of this quarter there were 6,180 live Housing Benefit claims and 7,286 live Council Tax Support claims in payment.
- 3.6 Just over half of the caseload is made up of people of working age which results in a large number of changes in circumstances when moving in and out of work and also claiming other out of work benefits.
- 3.7 Although measures have been in place for some time to make this transition easier for customers, it still remains an area of risk for fraud and error to enter the system. As both Housing Benefit and Council Tax Support are means tested benefits there are potential financial incentives to under declare income and savings or not to report a partner who is working or may have other income.
- 3.8 During the period covered by this report covers 176 fraud referrals were received by the team.
- 3.9 102 (58%) of these fraud referrals came from data-matching through the Housing Benefit Matching Service (HBMS). This is a scheme run nationally for Local Authorities by the Department for Work and Pensions (DWP) which matches our live benefit caseload on a monthly basis against DWP records relating to nationally paid benefits and private pensions, HMRC records relating to Tax Credits, work or savings as well as Post Office post redirection records
- 3.10 Data matching continues to be an excellent tool in detecting fraud but some of the data that ours has been matched against will have changed and the matches cannot be taken to be correct without further investigation.
- 3.11 27 (27%) of the fraud referrals received during the period were from official sources. Of these
- 2 were received from the Department for Work and Pensions (DWP)
 - 25 from within Redditch Borough Council (RBC), mainly within the Benefit Team.
- 3.12 47 (27%) of the referrals came from members of the public.
- 3.13 An increase in referrals from members of the public is always experienced following reports of successful prosecutions in the local press giving details of the case and how to report suspicions of benefits fraud. This practice is understood to deter fraud as one of the main

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concerns of customers, who are being interviewed under caution for benefit fraud offences, is that their names will appear in the local press.

- 3.14 A joint approach is taken on fraud referrals which relate to benefits paid by both RBC and the DWP to ensure that the full extent of offending is uncovered and the appropriate action is taken by both bodies. This maximises staffing resources and prevents the possibility of duplicate investigation work.
- 3.15 42 investigations were closed during this period and fraud or error was established in 40 of these cases. Of these:
- 1 customer was prosecuted for undeclared capital (detailed further in Appendix 1).
 - Cautions were accepted by 3 customers, for undeclared/under-declared work.
 - No administrative penalties were offered during the period and the practice of considering the customer's full circumstances, including ability to pay a financial penalty when deciding on the appropriate sanction in each case continues to be followed.
 - 32 cases were closed as fraud/error proven with a change to entitlement and/or an overpayment of benefit established.
 - 2 cases were closed as fraud/error proven but with no change to benefit or overpayment. Cases where payment has been prevented are included in this category.
- 3.16 In cases where an overpayment has been identified but where a full investigation is not considered worthwhile, customers are sent a letter reminding them of their duty to report changes in circumstances in order to avoid further overpayments and prevent full investigation and possible sanction on their claim in the future.
- 3.17 The numbers of referrals and sources of those referrals from April 2011 are set out in Appendix 2.
- 3.18 The trend indicates a reduction in referrals but this is largely due to the automation of a large number of changes which has reduced the likelihood of fraud and error entering the system and changes in the way some referrals are recorded.
- 3.19 Quite a large number of the referrals will not be taken up. This can be for a variety of reasons such as duplicate referrals where an investigation is already taking place, no benefit in payment, the

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information in the allegation is already correctly declared alleged or would have no effect on the claim.

- 3.20 Cases where the allegation will have no effect on the HB/CTS claim but could impact on DWP benefits or Tax Credits are referred to the appropriate organisation to investigate.
- 3.21 In some cases the initial background enquiries will not establish sufficient intelligence for there to be a reasonable likelihood of proving fraud. The majority of these cases will be passed for a review to be carried out on the claim, usually by visit.
- 3.22 Some of the investigations that are carried out will not establish fraud and our aim is to keep this number to a minimum.
- 3.23 Investigations can also have implications on Council tenancies or other areas of the Council's services. In these cases the Investigation Officers work closely with appropriate Officers in order for all aspects to be covered. Likewise, if the investigation identifies a potential impact for an external service area, the information will be shared.
- 3.24 A shared Investigation Team working across both Bromsgrove District and Redditch Borough is now in place. A Senior Investigation Officer has been recruited to lead the team until February 2016 when they are due to transfer to the Single Fraud Investigation Service (SFIS).
- 3.25 The team will continue to investigate claims for Council Tax Support in order for decisions to be made on the future of this function which is not transferring to SFIS.
- 3.26 A counter fraud fund has been made available through the Department for Communities and Local Government for local authorities to submit bids to enable the investigation of non-benefit related fraud. The Government is particularly keen to fund innovative joint proposals and an application is currently being prepared for submission to enable investigation to be made and evaluated in respect of Council Tax Support fraud.
- 3.27 Members had previously requested benchmarking information, comparing performance with the other councils within the county to be included. As the majority of districts in Worcestershire are working towards the transfer of their fraud units to the Single Fraud Investigation Service in November, it is no longer be possible to provide this information.

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Customer / Equalities and Diversity Implications

- 3.28 A robust mechanism for pursuing Housing Benefit and Council Tax Support Fraud is important to customers who expect to see action taken to reduce fraud and overpayment of benefits.

4. RISK MANAGEMENT

Without adequate performance monitoring arrangements there is a risk that the Benefits Service could lose subsidy and additional costs incurred. In addition, without effective counter fraud activity increased numbers of claims where no or reduced entitlement would remain in payment and add to the service cost.

5. APPENDICES

Appendix 1 – Example cases

Appendix 2 - Number of Referrals by source

6. BACKGROUND PAPERS

None

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