

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

22nd January 2015

BENEFITS INVESTIGATIONS 1 July 2014 – 30 September 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

This report provides information on the performance of the Benefits Services Fraud Investigation Service for the period from 1st July 2014 to 30th September 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 £71,583.86 in overpaid Housing Benefit and £9,476.53 in excess Council Tax Support.

Legal Implications

- 3.3 There are no specific legal implications.

Service/Operational Implications

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

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

22nd January 2015

- 3.5 The Benefits Service determines entitlement on claims to Housing Benefit and Council Tax Support in the Borough. At the end of this quarter there were 6,097 live Housing Benefit claims and 7,187 live Council Tax Support claims in payment.
- 3.6 Around 56% 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, when wages and/or tax credits fluctuate and also claiming other out of work benefits.
- 3.7 Although measures have been in place for some time to make some of these changes 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 not to declare true circumstances, such as all of their 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 231 fraud referrals were received by the team.
- 3.9 148 (64%) 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 An increased number of referrals from HBMS were received during this period but around 60 of these were recalled by the DWP after they had been entered onto the fraud management system as they had been issued in error. 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 50 (22%) of the fraud referrals received during the period were from official sources. Of these
- 40 were received from within Redditch Borough Council (RBC), mainly from within the Benefit Team.
 - 6 from staff in Housing Teams
 - 3 were received from the Department for Work and Pensions (DWP)
 - The other came from another local authority

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

22nd January 2015

- 3.12 33 (14%) of the referrals came from members of the public.
- 3.13 An increase in referrals received from members of the public is still experienced following reports of successful prosecutions in the local press. The opportunity is taken to provide brief details of the case and also how suspicions of benefits fraud can be reported. One of the main concerns of customers, who are being interviewed under caution for benefit fraud offences, is that their names will appear in the local press which indicates that the practice of publicising prosecutions does deter others who may be contemplating offending.
- 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 43 cases were closed during this period and fraud or error was established in 41 of these cases. Of these:
- 1 customer was prosecuted for undeclared work (detailed further in Appendix 1).
 - 38 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 Taking the recalled HBMS referrals into consideration, referrals have remained at a similar quarterly level to the same reporting period in 2013/14 although there has been variation in the numbers from each source. The reduction in referrals since June 2011 is mainly 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.

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

22nd January 2015

- 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 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 but 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 until the transfer in order for decisions to be made on the future of this function which is not transferring to SFIS.

Customer / Equalities and Diversity Implications

- 3.26 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

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

22nd January 2015

payment and add to the service cost.

5. **APPENDICES**

Appendix 1 – Example cases

Appendix 2 - Number of Referrals by source

6. **BACKGROUND PAPERS**

None

AUTHOR OF REPORT

Name: Shona Knight

E Mail: shona.knight@bromsgroveandredditch

Tel: (01527) 64252 ext: 3039