

# **AUDIT BOARD**

Date 18<sup>th</sup> September 2014

## **BENEFITS FRAUD – QUARTER 1 UPDATE**

Relevant Portfolio Holder	Cllr Roger Hollingworth
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda de Warr, Head of Customer Access and Financial Support
Wards Affected	All Wards
Ward Councillor Consulted	N/A
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 1 April 2014 to 30 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 1 April 2013 until 31 March 2014 was £15.9m in Housing Benefit and £4.6m in Council Tax Support.
- 3.2 During the 3 month period total overpayments of £180k in Housing Benefit were identified. Claimant error in respect of Council Tax Support is no longer classified as an overpayment and this amount is no longer measured, although recovery mechanisms are in place. Measures are being put in place to enable us to better evaluate Council Tax Support overpayment.
- 3.3 Overpayments on fraud investigations closed during the period of this report totalled £51k in Housing Benefit and £9k in Council Tax Support. Some of these overpayments may be included in the totals identified as shown in 3.2 but because investigations can sometimes continue for a considerable time after the overpayment is calculated, many of these will have been calculated in prior to 1 April 2014.

**Legal Implications**

- 3.4 There are no specific legal implications.

**Service/Operational Implications**

- 3.5 The Benefits Service decides entitlement to Housing Benefit and Council Tax Support in the local area. A shared dedicated counter fraud team is in place and their purpose is to prevent and deter fraud in addition to investigating any suspicions of fraudulent activity against the Authority. The team have completed the nationally recognised best practice qualifications in Professionalism in Security (PinS) appropriate to their role.
- 3.6 As at 30 June 2014 there were 5435 live Housing Benefit claims and 5062 Council Tax Reduction claims in payment. Approximately 48% of the caseload is made up of people of working age which results in a large number of claims from customers who are moving in and out of work and also claiming other out of work benefits.
- 3.7 Although improvements to measures to make this transition easier for customers have been put in place, it still remains an area of risk of fraud and error entering the system. As both Housing Benefit and Council Tax Reduction are means tested benefits there are potential financial incentives to under declare income and savings or not to report a partner who may be working or have other income.
- 3.8 During this quarter 19 fraud referrals were received and considered for investigation by the team.
- 3.9 10 of these referrals were from official sources. 2 of these were joint working invitations received from the DWP and the other 8 from within Bromsgrove District Council (BDC), showing the value of maintaining awareness of benefit fraud with employees.
- 3.10 The remaining 9 referrals came from members of the public, demonstrating the value of maintaining a high level of fraud awareness within the local community. The majority of these referrals were allegations relating to occupancy of properties, either undeclared partners or non-dependants or allegations that the customer was not residing at the address. This type of fraud is often difficult to identify through data-matching and is not always likely to be identified by staff and it is pleasing to see that this is the type of fraud being reported by residents. An increase in the number of referrals from the public is always experienced following reports of successful prosecutions appearing in the local press giving details of the case and how to report suspicions of benefit fraud. This practice is understood to deter fraud as one of the main concerns of customers who are being interviewed

under caution for benefit fraud offences is that their name will appear in the paper.

- 3.11 Many fraud referrals relate to benefits paid by both BDC and the DWP. In these cases, a joint approach is taken to ensure that the full extent of offending is uncovered and the appropriate action is taken by both bodies. This also maximises staffing resources by preventing duplicate investigation work and depending on workloads either body can take the lead.
- 3.12 15 investigations were closed during the period and fraud or error was established in 11 of these.
- 3.13 Two customers were prosecuted. One of these related to undeclared student income and earnings, the other to an undeclared non-dependant in the property.
- 3.14 Three claimants accepted a caution as an alternative to prosecution. One of these related to an undeclared private pension, one to undeclared tax credits and the other to undeclared work.
- 3.15 Six cases were closed without sanctions although overpayments were identified on them. There must be sufficient evidence to prosecute for any sanction to be considered. At times this cannot be obtained and the file must therefore be closed without sanction.
- 3.16 Fraud investigation can impact upon other areas of benefit administration. The biggest impact is upon the identification of overpaid Housing Benefit and excess payments of Council Tax Support. Some of these overpayments can be extremely large and can distort the apparent recovery rate of overpayments.
- 3.17 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 to February 2016 when they are due to transfer to the Single Fraud Investigation Service (SFIS).
- 3.18 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.
- 3.19 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.

**Customer / Equalities and Diversity Implications**

- 3.20 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**

- 4.1 Without adequate performance monitoring arrangements there is a risk that the Benefits Service could lose subsidy and additional costs could be 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 - Additional demographic information  
Appendix 3 - Trends data

**6. BACKGROUND PAPERS**

None

**7. KEY**

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