

BROMSGROVE DISTRICT COUNCIL

Audit, Standards and Governance Committee 15th June 2017

BENEFITS AND COMPLIANCE UPDATE – 2016/17

Relevant Portfolio Holder	Cllr Brian Cooper
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda Singleton, Head of Customer Access and Financial Support
Wards Affected	All Wards
Ward Councillor Consulted	N/A

1. SUMMARY OF PROPOSALS

This report provides an update on the work of the compliance team following the transfer of benefit fraud to the DWP Single Fraud Investigation Service in February 2016 and information regarding the work of the Benefits service.

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 Housing Benefit for 2016/17 was £16.3 million and for Council Tax Support, £3.9 million.

3.2 During the financial year Housing Benefit overpayments of £741,376 were identified. These are made up as follows:

Customer error/fraud	£668,065
Local Authority Error / Admin Delay	£ 73,311

3.3. Any overpayment that the customer has contributed to, for example by not reporting a change in their circumstances on time, is recorded as customer error. Overpayments caused through mistakes made by staff are recorded as Local Authority error and administration delay overpayments arise when changes that have been reported cannot be processed immediately.

3.4 The following table sets out the total overpayments recovered or written off for financial year 16/17

Payments received	£424,233
Overpayments written off	£46,460

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- 3.5 The work of the Compliance Team has resulted in increased income as follows.
- Additional New Homes Bonus of approximately £156k for 1 year, and £624k payable over 4 years.
 - £122k in incorrectly claimed Council Tax discounts which we are in the process of recovering.
 - 11 properties missing off the Council Tax data base with a return of £31K.
 - Identified £7.4k in overpaid Housing Benefit and Council Tax Support.
- 3.6 Housing Benefit Matching Service (HBMS) work managed by the compliance team resulted in the identification of overpayments of the following:
- | | |
|----------------------|------|
| Housing Benefit: | £38k |
| Council Tax Support: | £10k |
- 3.7 National Fraud Initiative (NFI) matching began in March 2017 and the team has cleared 155 out of 300 referrals. Historically, the NFI matches yield very low value levels of fraud and error.
- 3.8 As a result of the work to date we have been able to evidence financial benefits to the other major preceptor, who receive the majority of the Council Tax collected. We have negotiated a deal to receive an extra 10% of any additional income raised. The additional income payment received for 16/17 was £19,141.

Legal Implications

- 3.9 There are no specific legal implications.

Service/Operational Implications

- 3.10 As at 1st April 2017 there were 5,071 live Housing Benefit and Council Tax Reduction claims in payment. Approximately half the caseload is made up of working age customers which results in a large number of changes on claims when people move into or out of work and claiming various benefits and tax credits.
- 3.11 Overpayments can only be classified as fraud after a customer has been prosecuted, accepts an administrative penalty or has made an admission of fraud during an interview under caution, however the investigation of benefit fraud is now the responsibility of the Department for Work and Pensions (DWP) and therefore our ability to recover overpayments through Fraud is reduced.
- 3.12 At the point of the transfer of responsibility various duties remained with the local authority. These include:

- Investigation of Council Tax Support claims
- Compliance / Verification of HB claims
- HBMS referrals
- National Fraud Initiative (NFI) data matching
- Police requests for information / liaison
- Support to DWP in respect of Housing Benefit fraud cases.

3.13 We took this as an opportunity to develop work in relation to wider non-compliance issues around Council Tax and Business Rates.

Long Term Empty Properties

The work of the team has resulted in a net reduction in long term empty properties of 157. This results in a net gain of New Homes Bonus. Under the new criteria, reducing the number of long term empty properties in Bromsgrove resulted in New Homes Bonus of approximately £156k for 1 year, and £624k payable over 4 years.

Council Tax Discounts & Exemptions

The team has identified £122K in incorrectly claimed Council Tax discounts and exemptions. The team are currently working with the Revenues department to implement procedures to reduce fraud and error within the discounts and exemptions.

Council Tax missing properties

The team identified 11 missing properties which resulted in additional Council Tax of £31K. An additional 5 missing properties were identified, which are due to be banded by the Valuation Office. The team are currently working with the Revenues department to implement procedures to reduce the possibility of missed properties.

Proactive Housing Benefit work

As a result of proactive Housing Benefit case reviews, we have identified £1.8k in overpaid Housing Benefit. The overpayments are due to information not being provided at the time of a change in circumstances and the case reviews would not have been possible without the resources and expertise of the Compliance Team.

Proactive Council Tax Support work

As a result of proactive Council Tax Support case reviews, we have identified £5.6k in overpaid Council Tax Support. Again, these overpayments have occurred where changes in circumstances could not have been identified by the team without proactive work.

Business Rates

The team have recently have begun to work with an outside agency to identify missing businesses or businesses which have increased in size and not declared it to the council.

Customer / Equalities and Diversity Implications

- 3.14 Identification of overpayments, or incorrectly claimed discounts and exemptions and the subsequent work to recover these debts can result in financial hardship; therefore consideration is given to this when agreeing repayment plans where additional support, such as money management advice, is provided where relevant.

4. **RISK MANAGEMENT**

The work of the compliance team is to reduce the risk of lost income to the authority. The results to date show that this work is both necessary and rewarding.

5. **APPENDICES**

None

6. **BACKGROUND PAPERS**

None

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