

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

7 NOVEMBER 2013

REPORT OF THE CORPORATE DIRECTOR – RESOURCES

HOUSING AND COUNCIL TAX BENEFIT FRAUD INVESTIGATIONS OUTTURN 2012/13 AND A COMPARISON OF POSITION IN THE FIRST 6 MONTHS OF THIS YEAR

1. Purpose of Report.

- 1.1 The purpose of the report is to inform the Committee of the activities that have been undertaken in the first 6 months of this financial year with regard to Housing and Council Tax Benefit fraud investigations, as compared with the position during the same period in 2012/13. In addition, the report also summarises the activities undertaken and the results achieved during 2012/13.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities.

- 2.1 The work of the Fraud Team impacts the resources available to the Council which support all of the Corporate Improvement Objectives/other corporate priorities.

3. Background.

- 3.1 The Fraud Team of the Benefits Section is responsible for the investigation of allegations of Housing and Council Tax Benefit fraud. Fraud Investigators are required to conduct the whole investigation from the initial allegation being received, to closure of the case and preparation of a sanction if appropriate. The Fraud Team currently consists of a Fraud Manager, 3 FTE Fraud Investigators and is supported by an administrative officer.

4. Current situation / proposal.

- 4.1 Fraud referrals are summarised in Table 1 below. This shows that during the first half of 2013/14 there has been no significant change in the overall number of referrals received. There has been a significant decrease in the number of cases referred via the Housing Benefit Matching Service but an increase in those notified to the authority by the public. This increase may in part be due to the publicity surrounding the Welfare Reform process.

Fraud awareness training sessions are undertaken for Benefit, Homelessness, Council Tax and Customer Service staff and with outside agencies on a cyclical basis. Fraud awareness also forms part of the induction process for all new benefit staff.

Table 1 illustrates the source of fraud referrals.

Source of Referrals	2012/13	April – Sept 2012	April – Sept 2013
N.F.I.	29	0	25
External agencies	24	20	14
Benefit staff	108	61	55
HBMS* data match	39	16	3
Department of Work and Pensions (DWP)	53	27	21
Hotline	5	3	10
Anon phone call	91	54	62
Anon letter	42	20	29
Total:	391	201	219

* DWP Housing Benefit Matching Service

- 4.3 Investigations are undertaken based upon information received as a data match or in the form of a specific allegation regarding either the claimant's circumstances or the claimant's landlord. As well as new cases there are also cases on-going from previous years.

Table 2 illustrates a breakdown of the types of cases that have been investigated in specific periods.

Types of allegation	2012/13	April – Sept 2012	April – Sept 2013
Living together	153	85	87
Contrived tenancy	6	2	12
Non-dependant	21	14	23
Non-occupation	30	13	13
Undeclared income	79	42	40
Working and claiming	102	45	44
Total:	391	201	219

- 4.4 Investigations into alleged living together situations remain a major element of Benefit Fraud investigation within the county borough. This type of investigation is extremely difficult to prove as it requires a very strong standard of evidence. It cannot be decided on prescriptive criteria but relies solely on judgement made on a case by case basis related to the evidence available. If surveillance is required the Local Authority must seek authorisation under the Regulation of Investigatory Powers Act from the Magistrates court, unlike the DWP who can grant this authorisation themselves. Inevitably, due to the necessity of gathering sufficient evidence this type of investigation can be very time consuming.
- 4.5 During 2012/13, 463 cases were closed and the closure categories are detailed below in Table 3.

Reason for closure	2012/13	April – Sept 2012	April – Sept 2013
No fraud	184	123	59
Claimant error	0	0	0
Local Authority error	0	0	0
Nil to investigate	109	57	57
Fraud proven	170	82	75
Total:	463	262	191

4.6 The percentage of fraud proven cases for April to Sept has increased from 31% in 2012/13 to 39% in 2013/14 of the total of cases closed.

4.7 Once a case has been closed as fraud proven and the overpayment calculated, the case is referred to the Benefits Sanctions Panel. The panel, consisting of three senior members of the Benefits Team, use the Benefits Prosecution Policy to decide what, if any, further action should be taken. The recommendation of the Sanctions Panel is considered by the Council's Legal Department and a final decision on the sanction made.

Table 4 illustrates the sanction action taken in the relevant periods.

Successful sanctions	2012/13	April – Sept 2012	April – Sept 2013
Caution:			
LA only	22	15	5
with DWP	1	0	0
Admin Penalty:			
LA only	37	12	15
with DWP	1	1	0
Prosecution:			
LA only	25	12	7
with DWP	35	15	18
Total:	121	55	45

4.8 The overall number of sanctions achieved during the first six months of 2013/2014 is slightly down on that of the previous year, this may in part be due to the decrease in investigators from 3.6 FTE to 3 and the lack of HBMS referrals which generally provides less complex investigations and 'quick hits' for sanctions.

4.9 Single Fraud Investigation Service

4.10 The Government's paper 'Tackling fraud and error in the benefits and tax credit systems' published in October 2010 announced that over the period 2013-15 the Government intends to create a single fraud investigation service (SFIS) with statutory powers to investigate and sanction all benefit and tax credit offences combining the resources across DWP, Her Majesty's Revenue & Customs (HMRC)

and local authorities. This change is intended to improve efficiency, ensure all offences are taken into account and increase the number of investigations and sanctions.

- 4.11 The target date of April 2013 for the setting up of SFIS has passed with no definitive information on how this is to be achieved. The original four pilot sites for SFIS which were set up in October 2012 are still running. An evaluation of the pilot sites has concluded that they do not yet have enough management information to make an informed decision on the way forward and that several further pilot sites will be set-up in the near future. The latest advice from the Fraud and Error Programme of the Department for Work and Pensions is that they are still consulting with stakeholders, and that no timetable for change has yet been agreed. They are still in the recommendation phase of the project and are hoping to make a formal announcement at the end of 2013.
- 4.12 There will in the future be TUPE implications for staff involved as well as accommodation and administrative issues which still need to be resolved. As yet there is insufficient information available to quantify the impact of these changes in terms of future staffing levels, financial resources and performance. It is not yet certain when further information on these changes will become available
- 4.13 In the Spending Review 2010, the UK Government announced that it would localise support for council tax from 2013-14 and reduce expenditure by 10%. From 1 April 2013, the responsibility to provide support for council tax and the funding associated with it, was devolved to local authorities in England, to the Scottish Government and to the Welsh Government. It is still not completely settled how cases of fraud in the Council Tax Reduction Scheme will be dealt with. However, they will not form part of the SFIS remit.

5. Effect upon Policy Framework & Procedure Rules.

- 5.1 There is no direct effect upon Policy Frameworks & Procedure Rules.

6. Equality Impact Assessment

- 6.1 There are no equality issues.

7. Financial Implications.

- 7.1 There are no financial implications in this report.

8. Recommendation.

- 8.1 The Committee is asked to note this report which has been provided for information purposes.

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Background documents

None