

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

20 NOVEMBER 2014

REPORT OF THE CORPORATE DIRECTOR – RESOURCES

HOUSING AND COUNCIL TAX BENEFIT FRAUD INVESTIGATIONS OUTTURN 2013/14 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 six 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 2013/14. In addition, the report also summarises the activities undertaken and the results achieved during 2013/14.

2. Connection to Corporate Plan / 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 a part time (3 days/week) collator/administrative officer.

4. Current situation

- 4.1 Fraud referrals are summarised in Table 1 below. This shows that overall during the first half of 2014/15 there has been a slight decrease in the number of referrals received overall. There has been a significant decrease in the number of cases referred via benefit staff, this is primarily due to an inflated 2013/2014 figure as an intervention exercise, where unreported increases in wages were highlighted, resulted in an influx of referrals. There are no National Fraud Initiative (NFI) referrals for the first 6 months of 2014 as this exercise is only run on alternate years whilst the Housing Benefit Matching Service has returned to its normal level.

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	2013/14	April – Sept 2013	April – Sept 2014
N.F.I.	64	25	Nil
External agencies	24	14	4
Benefit staff	98	55	26
HBMS* data match	5	3	22
Department of Work and Pensions (DWP)	43	21	25
Hotline	13	10	Nil
Anon phone call	110	62	70
Anon letter	54	29	24
Total:	411	219	171

* DWP Housing Benefit Matching Service

- 4.2 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 ongoing from previous years.

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

Types of allegation	2013/14	April – Sept 2013	April – Sept 2014
Living together	155	87	56
Contrived tenancy	10	12	7
Non-dependant	38	23	14
Non-occupation	30	13	15
Undeclared income	98	40	27
Working and claiming	80	44	52
Total:	411	219	171

- 4.3 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. Inevitably, due to the necessity of gathering sufficient evidence this type of investigation can be very time consuming.
- 4.4 During 2013/14, 368 cases were closed and the closure categories are detailed below in Table 3.

Reason for closure	2013/14	April – Sept 2013	April – Sept 2014
No fraud	136	59	62
Claimant error	0	0	0
Local Authority error	0	0	0

Nil to investigate	102	57	63
Fraud proven	130	75	33
Total:	368	191	158

- 4.5 The percentage of fraud proven cases for April to Sept 2014 has decreased from that of April to Sept 2013. This is partly due to a small decrease in the number of staff within the fraud team and also because the quality of information received in referrals from the public is typically not as reliable as those generated via housing benefit assessment staff or from external agencies.
- 4.6 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	2013/14	April – Sept 2013	April – Sept 2014
Caution:			
LA only	6	5	4
with DWP	0	0	0
Admin Penalty:			
LA only	26	15	6
with DWP	1	0	1
Prosecution:			
LA only	21	7	4
with DWP	31	18	10
Total:	85	45	25

- 4.7 The overall number of sanctions achieved during the first six months of 2013/2014 is down on that of the previous year, again this will in part be due to the overall decrease in staff within the section and also the lack of targeted referrals (for example, an earned income intervention campaign) which generally provide less complex investigations and 'quick hits' for sanctions.
- 4.8 Single Fraud Investigation Service
- 4.9 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 intended 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.

4.10 Investigation staff from all local authorities will become civil servants within SFIS as part of a phased programme which will run until 2016. The first phase of local authority investigators being absorbed into the new service (SFIS) began in June of this year; in Wales investigation staff from Blaenau Gwent, Cardiff and the Vale of Glamorgan were included in this first phase. In scope investigation staff from Bridgend are scheduled to join SFIS in November 2015, when all Housing Benefit and Council Tax Benefit investigation work transfers to SFIS. Prosecutions will then be dealt with by the Crown Prosecution Service. The financial impact on the Council of this change is not yet known.

4.11 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%. The Welfare Reform Act 2012 contained provisions to abolish council tax benefit from 31 March 2013. From this date 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. Cases of fraud in the Council Tax Reduction Scheme will not form part of the SFIS remit.

5. Effect upon Policy Framework & Procedure Rules.

5.1 None.

6. Equality Impact Assessment

6.1 There are no equality implications.

7. Financial Implications.

7.1 There are no financial implications in this report.

8. Recommendation.

8.1 The Committee is recommended to to note the report.

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Background documents

None