

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

19 NOVEMBER 2015

REPORT OF THE CORPORATE DIRECTOR – RESOURCES

HOUSING AND COUNCIL TAX BENEFIT FRAUD INVESTIGATIONS OUTTURN 2014/15 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, compared with the position during the same period in 2014/15. In addition, the report also summarises the activities undertaken and the results achieved during the financial year 2014/15.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 The work of the Fraud Team impacts on 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 was responsible for the investigation of allegations of Housing and Council Tax Benefit fraud. Fraud Investigators were 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 consisted of a Fraud Manager, 3 FTE Fraud Investigators and was supported by a part time collator/administrative officer.

4. Current situation / proposal.

Single Fraud Investigation Service

- 4.1 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 of the Department for Works and Pensions (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.
- 4.2 Investigation staff from all local authorities will become civil servants within SFIS as part of a phased programme running from June 2014 to March 2016. On the 1 November 2015, Bridgend's Fraud Manager and 2 investigation staff joined SFIS and the investigation work for Housing Benefit and Council Tax Benefit transferred.

Future prosecutions for these benefits will now be dealt with by the Crown Prosecution Service. The financial impact on the Council of this change is still not yet known as the council has not received confirmation of DWP grant.

4.3 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 (CTR) will not form part of the SFIS remit.

4.4 To maintain effective and functioning counter-fraud activities for CTR, the Benefits Service has therefore retained two Fraud Investigator posts primarily to undertake the following:

- Investigate allegations of CTR fraud and single person discount discrepancies
- Risk based intervention activities
- Assist SFIS in the provision of information and/or documentation
- Provide awareness and training for staff in relation to fraud, abuse and financial loss

A former Fraud Investigator has been appointed to one of the new posts (i.e. retained rather than transferring to SFIS); the second post is currently vacant and may be filled once demand and future workload is determined.

4.5 Fraud referrals are summarised in Table 1 below. This shows that during the first half of 2015/16 there has been a significant decrease in the number of referrals accepted by the team. As the fraud case work and staff were to transfer to SFIS on 01 November 2015, referrals, where possible, were diverted to the DWP so that the team could concentrate on fully completing their outstanding cases.

Fraud staff have delivered fraud awareness training sessions 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	Date referral made		
	2014/15	April – Sept 2014	April – Sept 2015
N.F.I.	0	0	0
External agencies	21	4	5
Benefit staff	41	26	6
HBMS* data match	30	22	0
Department of Work and Pensions (DWP)	45	25	29
DWP Hotline	7	0	21
Anon phone call**	109	70	1

Anon letter	44	24	26
Total:	297	171	88

* DWP Housing Benefit Matching Service

** from April 2015, any referral incl. DWP benefits referred directly to DWP

- 4.6 Investigations were 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 some new cases, there were also cases ongoing from previous years.

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

Types of allegation	2014/15	April – Sept 2014	April – Sept 2015
Living together	102	56	30
Contrived tenancy	9	7	3
Non-dependant	26	14	12
Non-occupation	30	15	5
Undeclared income	55	27	12
Working and claiming	94	52	26
Total:	316	171	88

- 4.7 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.

- 4.8 During 2014/15, 315 cases were closed and the closure categories are detailed below in Table 3.

Reason for closure	2014/15	April – Sept 2014	April – Sept 2015
No fraud detected	114	62	39
Claimant error	0	0	0
Local Authority error	0	0	0
Nil to investigate	124	63	62
Fraud proven	77	33	51
Total:	315	158	152

- 4.9 The number of fraud proven cases for April to Sept 2015 has increased compared to April to Sept 2014. This is due to the team prioritising the completion of outstanding cases before commencing new cases.

- 4.10 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 (beyond overpayment recovery). 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	2014/15	April – Sept 2014	April – Sept 2015
Caution:			
LA only	5	4	0
with DWP	0	0	0
Admin Penalty:			
LA only	16	6	13
with DWP	6	1	3
Prosecution:			
LA only	9	4	8
with DWP	15	10	10
Total:	51	25	34

- 4.11 The overall number of sanctions issued during the first six months of 2014/2015 shows an increase compared to the same period in 2014. Again, this is due to the team concentrating on concluding outstanding cases.

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 note the report.

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Background documents

None