

 <b>Finance and Audit Scrutiny Committee 2<sup>nd</sup> September 2015</b>		<b>Agenda Item No. 5</b>
<b>Title</b>	Benefit Fraud Investigation - Performance	
<b>For further information about this report please contact</b>	Andrea Wyatt 01926 456831	
<b>Wards of the District directly affected</b>	Not applicable	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Finance and Audit Scrutiny Committee 2 <sup>nd</sup> September 2014	
<b>Background Papers</b>		

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	No
<b>Equality Impact Assessment Undertaken</b>	No
Not required – information report only.	

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive		Chris Elliott/Andrew Jones/Bill Hunt
Head of Service		Mike Snow
CMT		
Section 151 Officer		Mike Snow
Monitoring Officer		Andrew Jones
Finance		Mike Snow
Portfolio Holder(s)		Cllr Whiting
<b>Consultation &amp; Community Engagement</b>		
Not Applicable		
<b>Final Decision?</b>		Yes/No
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1. **Summary**

- 1.1 The purpose of this report is to provide information regarding the performance of the Benefit Fraud Service for the financial year 2014/15.

## 2. **Recommendation**

- 2.1 That the Committee note the contents of this report making any recommendations to officers that it considers appropriate.

## 3. **Reasons for the Recommendation**

- 3.1 The Finance and Audit Scrutiny Committee receives an annual report on the Benefits Fraud Service. Whilst this is a factual report for information, members may wish to comment or make recommendations.

## 4. **Policy Framework**

- 4.1 **Policy Framework** – Until February 2015, the Council was required to maintain a Benefits Fraud team as part of administering housing benefits, council tax benefits, and from 1<sup>st</sup> April 2013, council tax reduction. Investigating fraud is a requirement of the Council's Anti-Fraud and Corruption Strategy, however housing benefit and council tax benefit fraud is now investigated by the Single Fraud Investigation Service within the Department for Work and Pensions. To ensure that we continue to comply with our anti-fraud and corruption strategy a new Corporate Fraud Officer post was agreed by Employment Committee.
- 4.2 **Fit for the Future** – This report ensures the work that the Council undertakes to combat fraud receives the appropriate scrutiny. Preventing and tackling fraud and error across the District helps to ensure that the right people get the right access to public funds thereby supporting all aspects of the Sustainable Community Strategy. Failure to identify and deal with fraud and error across the District could reduce the availability of funds for those who have a genuine need and could also lead to an increase in council tax for residents across the District.
- 4.3 **Impact Assessments** – Not Applicable – the report does not propose any changes, it is an information only report.

## 5. **Budgetary Framework**

- 5.1 The budget for the fraud team was provided for by the administration grant received from central Government. This has reduced from February 2015 when the work was transferred to the Single Fraud Investigation Service. However, funds are available within the current benefits budget to ensure that cases of council tax reduction fraud can continue to be investigated.

## 6. **Risks**

- 6.1 If performance is not scrutinised, the Council cannot provide assurance to the public that it is protecting the public purse and taking the necessary action when advantages are claimed to which there is no entitlement.

## 7. Alternative Option(s) considered

7.1 No alternative options to submitting this report were considered.

## 8. Background

8.1 The Council has a duty to protect public funds and this involves ensuring that the correct sanction is applied where a benefit claimant is deemed to have committed a fraudulent act in relation to their claim for either housing benefit or council tax benefit and from the 1<sup>st</sup> April 2013, council tax reduction.

## 8.2 Performance

8.3 Investigations where fraud is proven are punishable either by issuing a formal caution or an administrative penalty. An administrative penalty is an agreement with the claimant that in addition to the repayment of the debt they will pay a further amount. This amount is determined by legislation and is calculated as a % of the debt, however the level of the % differs depending on the period in which the overpayment occurred, neither of these sanctions result in a criminal record. In more severe cases, a claimant will be prosecuted, during 2014/15, 131 cases resulted in a sanction and of these there were 55 administrative penalties issued, 35 cautions and 41 prosecutions.

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Administrative Penalties</b>	61	34	16	67	50	55
<b>Official Cautions</b>	49	36	19	51	40	35
<b>Prosecutions</b>	13	14	27	27	43	41

8.4 The table below details the total benefit found to have been fraudulently paid for each of the financial years. There was a significant increase in fraudulent overpayments identified during 2014/15 and this was largely due to a number of high value overpayments.

	2009/10 £	2010/11 £	2011/12 £	2012/13 £	2013/14 £	2014/15 £
<b>Housing Benefit</b>	167,513	215,454	202,791	378,909	376,072	514,346
<b>Council Tax Benefit</b>	57,431	58,160	57,556	93,527	89,240	67,427
<b>Council Tax Reduction</b>	N/A	N/A	N/A	N/A	2,572	29,138
<b>Administrative Penalties</b>	30,120	26,211	25,317	36,624	28,353	44,170

- 8.5 The authority receives subsidy of 40% on any overpayment which has occurred as a result of fraudulently claimed housing benefit or an error by the claimant. The total overpayments identified during 2014/15 which occurred as a result of either a claimant error or fraudulently paid benefit amounted to £1,195,467. The authority does seek to recover the overpayments from claimants either by reducing their ongoing benefit or by sundry debt. Housing benefit overpayments recovered during the year were around £1.3m, this amount includes any recovered administrative penalties.
- 8.6 As a result of our Fraud Investigation staff transferring to the Single Fraud Investigation Service, Employment Committee approved a new Corporate Fraud Investigator post, there have been significant delays in recruiting to this post for a number of reasons, however, we have now made a successful appointment starting early September. In addition to investigating council tax reduction fraud, the post holder will be responsible for investigating other frauds such as business rates, council tax discounts and exemptions and tenancy fraud. The fraud policy and prosecutions and sanctions policy will be revised to reflect these changes and submitted to Committee in due course.
- 8.7 We recently submitted a successful bid in partnership with the County Council and the other Districts and Boroughs within the County for funding from the DCLG to procure a new system to match customer data Countywide which will enable us to identify discrepancies in information held. It is expected that this will help us to identify fraudulent activity within the District and eventually enable us to take a more proactive approach in preventing fraud and error from entering the system, by carrying out checks prior to public funds being made available. If this project is successful, sufficient savings should be realised to enable the use of the software to continue once the central funding has been withdrawn.