

<b>Meeting Date</b>	11 <sup>th</sup> June 2014
<b>Report Title</b>	Benefit Fraud Annual Report 2013/14 – “Activity & Outcomes”
<b>Cabinet Member</b>	Cllr Duncan Dewar-Whalley Cabinet Member for Finance
<b>SMT Lead</b>	Brian Planner
<b>Head of Service</b>	Brian Planner
<b>Lead Officer</b>	Filmer Wellard
<b>Key Decision</b>	No
<b>Classification</b>	<b>Open</b>
<b>Forward Plan</b>	<b>Reference number:</b>

<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. Consider the results of the Investigation Team for year 2013/14</li> <li>2. To note the impending changes resulting from :-             <ol style="list-style-type: none"> <li>a. Introduction of Shared Service with Maidstone and Tunbridge Wells Councils.</li> <li>b. Roll out of Single Fraud Investigation Service starting October 2014 nationally and for Swale on 1/03/2016.</li> </ol> </li> </ol>
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## **1 Purpose of Report and Executive Summary**

- 1.1 This report provides a summary of activities and outcomes undertaken during 2013/14 by Swale Benefits Investigation Team in conjunction with their partners from The Department for Work and Pensions (DWP) Fraud Investigation Service under the banner of “One Customer One Team” (OCOT).
- 1.2 Introduces the proposed roll out of national Single Fraud Investigation Service which is due to start October 2014 and the notified for Swale as 01/03/2016.
- 1.3 Introduction of a Shared Service with Maidstone and Tunbridge Wells Investigation Team in anticipation of the changes produced by Single Fraud Investigation Service.

## **2 Background**

- 2.1 The primary role of the team is:-
  - a. The Detection / Investigation / Prevention of Benefit fraud.
  - b. To ensure persons who commit fraud are dealt with appropriately in accordance with SBC/OCOT Prosecution Policy with reference to the Crown Prosecutor’s Evidential & Public interest tests.
  - c. Promote fraud awareness amongst staff, customers, landlords & other third parties.
  - d. Support the work of the Benefits Department in ensuring errors are identified promptly and claimants receive their correct entitlement.

- e. Seek to minimise overpayments by timely intervention.
- f. Correctly use legislation, all viable sources of information and powers afforded under the Social Security Administration Act 1992 to conduct thorough and professional investigations.

### 3 Investigation Results for 2013/14

Note: Figures in brackets relate to year (2012/13) & (2011/12)

<b>Number of cases referred for investigation</b>	<b>470</b>	<b>(493)</b>	<b>(683)</b>
Number of Cases subject to Investigation closed	366	(396)	(624)
Number of cases Cautioned for benefit offences	20	(27)	(42)
Number of cases where Administration Penalty accepted	3	(14)	(49)
Number of cases prosecuted with guilty outcomes	12	(13)	(13)
Total	35	(54)	(104)

#### 3.1 Overpayments identified by the Investigation Team in 2013/14

Note: Figures in brackets refer to year (2012/13)

Value of Housing Benefit overpayments	£467,211.74	(£320,777.56)
Value of Council Tax Benefit overpayments	£67,767.34	(£57,206.18)
Value of DWP Benefit overpayments	£122,863.24	(£109,711.45)
Total	£ 657,842.32	(£487,685.19)

In addition to the above the Team also undertook part in the National Fraud Initiative data matching for 2013/14 and identified Overpayments to the value of £ 82,346.77 which were not allocated to fraud and were a combination of Housing and Council Tax overpayments.

#### 3.2 Comparison between the two years results:-

- Decrease no. of referrals (-23)
- Decrease no. of cases investigated (-30)
- Decrease no. of Local Authority Cautions (-7)
- Decrease no of Adpens (-11)
- Decrease no. of Prosecutions (-1)
- Increase in (£) value of overpayments (+£170,157.13 or 35%)

3.3 This year we have experienced an increase in the value of the overpayments identified. Overpayment of benefit is of course recoverable and this is also a very important area as it affects the level of subsidy the Council receives from Central Government. If a fraud is detected resulting in an overpayment then 60% of the amount subsequently recovered must be paid back to Central Government. The remaining 40% or part thereof can be retained by the Council.

- 3.4 The reduction in the number of cases investigated, Cautions and Adpens offered can be attributed to the reduction of staff in this area. However, to some extent this has been unavoidable as we have been preparing and allowing the team to naturally reduce over time in readiness for the introduction of the DWP Single Fraud Investigation Service (SFIS) and the uncertainty around redundancy pay.

#### **4 Return on Investment 2013/14**

The following demonstrates the contribution made by the investigation team in terms of “return on investment” and “protecting the public purse. The return on investment is treated as the recoverable overpayments divided by all costs expressed as the amount of recoverable overpayment for every pound spent.

##### **4.1 2012/13**

Housing Benefits overpayments identified = £320,777.56

Total salary costs for the investigation team = £101,466

Return on Investment = 3.16

##### **4.2 2013/14**

Housing Benefits overpayments identified = £467,211.74

Total salary costs for the investigation team = £62,258

Return on Investment = 7.50

- 4.3 From the above it can be seen that although the team investigated less cases more overpayments were identified proving that the reduced team provided a more cost effective service.

#### **5 Tenancy Fraud**

The team have also been involved with the training of Staff of Amicus Horizon regarding Tenancy Fraud Training and have agreed to assist in the recovery of Social Housing that has been obtained fraudulently or retained by that method. Two properties have been recovered from tenants that were not the lawful tenants and returned to the Housing Association for allocation to persons upon the waiting list. The Audit Commission state that each property is a saving of £18,000 to the Local Authority.

#### **6 Introduction of the Single Fraud Investigation Service (SFIS)**

The DWP are currently running further pilots to ascertain the effect the introduction of SFIS will have on respective Local Authorities and then from October 2014 to April 2016 the programme will be rolled out across the Country. We have been notified that the roll out date for the three authorities involved in the proposed shared service is 1/03/2016.

- 6.1 On the date of its introduction for the relevant Local Authority that LA will no longer be empowered to investigate any Welfare benefit offence. This will mean that only

Council Tax schemes and discounts will be the responsibility for the Local Authority and DWP will not be involved with any such offences.

- 6.2 Those staff that are not retained by the Local authority will be in scope to be transferred to DWP Single Fraud Investigation Team at the date decided upon its introduction.

## 7 **Shared Service and Staffing**

It was evident that the introduction of SFIS would have a significant impact on staffing arrangements and reduce the viability of existing teams. There was also the risk that fraud officers would want to transfer to SFIS leaving us with limited expertise to investigate fraudulent activity in Council Tax Support Schemes, discounts and exemptions.

- 7.1 A shared service arrangement allows us to review the teams to ensure that we retained the maximum amount of expertise, bring the work together to maximise economies of scale and create a sustainable body of work for a single team.
- 7.2 Consultation is already underway as Swale, Maidstone and Tunbridge Wells has already agreed the concept and is at present proceeding through the consultation period.
- 7.3 Although fraud teams across all areas have already been greatly reduced, once the investigations into Benefit related offences transfer it is envisaged that there will be less need for a shared fraud team on the same scale as we have at present. To enable us to ascertain the amount of staff required to undertake future fraudulent activity, and ensure that we still have a 'return on investment' we are analysing historic cases to identify the value of Council Tax Benefit identified by the fraud teams in each area.
- 7.4 It is further proposed that after analysis of the viability of manpower required to investigate Council Tax Support Schemes, discounts, exemptions and possible other fraud to increase Revenue to the Council, that further consultation will take place to confirm which staff will be put in scope status to transfer to SFIS. This may have to involve some form of selection process and this will be with the involvement of HR when it is known what numbers are involved and notification of transfer date for roll out of the Single Fraud Investigation Service by DWP.
- 7.5 All staff with the exception of Compliance officers are in scope to transfer to SFIS and be employed by DWP. However, we would wish to ensure that any of our staff that do transfer to the DWP have the opportunity to do so with the full protection that TUPE provides.
- 7.6 As an alternative option we could choose to transfer all staff to the SFIS but this would mean there would be no investigation officers retained to deal with Council Tax Support Schemes, discounts and exemptions. Local Authorities have a duty to investigate and protect the public purse. Also revenue from recovery of any

overpayments or reduction in discounts would be revenue attributable to the Local Authority.

## 8 Implications.

- 8.1 A failure to plan for the forthcoming changes, work with partners, embed a clear anti –fraud culture or provide adequate resources to combat fraud and corruption could leave the authority more susceptible to financial abuse and reputational damage.
- 8.2 The Shared Fraud service with Maidstone and Tunbridge Wells will offer some resilience in these times of expected change. This is especially important as all three Councils have reduced the fraud teams with a view to being, to some extent incorporated into the Single Fraud Investigation Service. Until such time as the roll out date, 1/03/2016 the current workload will continue.

Issue	Implications
Corporate Plan	With the introduction of SFIS there will need to be a change to the targets for the fraud team as there will be no authority to investigate benefit fraud after the date of implementation.
Financial, Resource and Property	It is anticipated that there will be no change to finances as a result of entering the shared service with Maidstone and Tunbridge Wells Councils. There will obviously be a reduction in staff with the implementation of SFIS, but until notified of a roll out date for the shared service being incorporated into SFIS exact details of changes for the next financial year are not known. A report is being undertaken at this time to see what requirement of investigation will be required after SFIS is implemented.
Legal and Statutory	With the implementation of SFIS Local Authority staff will not be authorised to undertake benefit fraud investigations and will have no powers to do so.  As SFIS is rolled out there will be consultation with HR as to employment laws etc.
Crime and Disorder	There should be no crime and disorder implications arising from the options and recommendations contained in this report.
Sustainability	There are no sustainability implications arising from the content/decisions of this report, but there will be in relation to the implementation of SFIS and this will be dealt with separately.
Health and Wellbeing	There should be no health implications arising from the options and recommendations contained in this report
Risk Management and Health and Safety	The implementation of the shared service will give some resilience to all Councils in the uncertain times ahead. Staff are being kept fully informed of any known changes as it is realised that there may be some health issues and concerns regarding the future

	uncertainty.
Equality and Diversity	There are no Equality and diversity issues arising from this report.

**9 Appendices**

None

**10 Background Papers**

None