

Audit Committee Meeting	
Meeting Date	10th June 2015
Report Title	Benefit Fraud Annual Report 2014/15- "Activity and Outcomes"
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance
SMT Lead	Pete Raine
Head of Service	Paul Riley MKIP
Lead Officer	Filmer Wellard
Key Decision	No
Classification	Open
Forward Plan	Reference number:
Recommendations	<ol style="list-style-type: none"> 1. Consider the results of the Investigation Team for the year 2014/15. 2. To note the current format of the Mid Kent Partnership Shared Fraud Service 3. To note the impending changes resulting from the roll out of Single Fraud Investigation Service for Swale 16 March 2016

1 Purpose of Report and Executive Summary

1.1 This report provides a summary of activities and outcomes undertaken during 2014/15 by Mid Kent Fraud Shared Service 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 Introduction of the current set up of the Mid Kent Fraud Shared Service, which commenced November 2014.

1.3 Introduces the proposed roll out of national Single Fraud Investigation Service which is due to roll out for the shared service on 16 March 2016.

2 Background

The primary role of the Fraud Shared Service team is:-

- a. The Detection / Investigation / Prevention of Housing Benefit and Council Tax Support Fraud.

- b. To ensure persons who commit fraud are dealt with in accordance with the shared service prosecution policy with reference to the Crown Prosecutor's evidential & public interest tests.
- c. Promote fraud awareness amongst staff, customers, landlords and 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.

2.1 Investigation Results for year 2014/15 for Swale area

Number of Cases referred for investigation	601	(470)	(493)
Number of cases subject to investigation closed	579	(366)	(396)
Number of Cases Cautioned for Benefit Offences	19	(20)	(27)
Number of cases where Administration Penalty accepted	5	(3)	(14)
Number of cases prosecution with guilty outcomes	8	(12)	(13)
TOTAL	32	(35)	(54)

Note: Figures in brackets refer to year (2013/14)

2.2 Overpayments identified by the investigation Team in 2014/15.

Note: Figures in brackets refer to year (2013/14)

Value of Housing Benefit overpayments	£225,660.70	(£467,211.74)
Value of Council Tax Benefit and CTS overpayments	£43,393.95	(£67,767.34)
Value of DWP overpayments	£ 87,395.95	(£122,863.24)
TOTAL	£356,450.60	(£657,842.32)

The above figures are for Swale area only and the overpayment figure for the shared service for Housing Benefit and Council Tax Support in total was £790,486.85

2.3 Comparison between the two year results:-

Increase no. of referrals	(131)
Increase no: of cases investigated	(213)
Decrease no: of Local Authority Cautions	(-1)
Increase no: of Administration Penalties	(2)
Decrease no; of Prosecutions	(-4)
Decrease in (£) value of overpayments	(- £301,391.72)

This year because of changes in the way The Department of Work and Pensions have set their Prosecution limit it has resulted in a reduction in the number of prosecutions, and cases that they have actually investigated, but have referred to their own Compliance Team. Any case that was below their prosecution limit of £5,000 was referred to Compliance and any overpayment figure identified was not included in their fraud figures. This has had a knock on effect on our figures. This is also because any DWP Welfare Benefit cases that were referred to the shared service were passed to DWP to deal. The need to refer more cases to DWP and the lower number of cases investigated by the shared service can be attributed to the reduction in staff across the shared service.

2.4 Return on Investment 2014/15

The following demonstrates the contribution made by the 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.

Swale Investment 2014/15

Swale Housing Benefit overpayments identified = £225,660.70
Total salary costs incurred by Swale for the team = £79,460

Return on Investment = 2.8

Shared Service Investment 2014/15

Shared Service HB overpayments identified = £652,150
Total salary costs incurred for the shared service = £198,650

Return on investment = 3.2

Although the figure showing return on investment has reduced from last year's figure of 7.5 for Swale, it is similar to previous years and reflects the reduction in team numbers and the time spent in starting the shared service.

2.5 Mid Kent Partnership Shared Service.

The current staffing of the Mid Kent fraud shared service is as follows:-

- Fraud Manager
- Two full time and one part time Investigator
- Two Compliance Officers
- Part time Admin Assistant

Since the shared service was started there has been a further reduction in staff of a part time manager and one investigator to the staffing as shown above. The idea of the shared service was not to save money but to try to give some resilience to the local authorities during the introduction of the Single Fraud Investigation Service by the DWP.

2.6 The Introduction of The Single Fraud Investigation Service DWP.

All of the Local Authorities within the shared service , Maidstone, Swale and Tunbridge Wells are due to be incorporated into the Single Fraud Investigation Service on 16 March 2016 and as such will be the last authorities in Kent to transfer.

From experience from other authorities that have already transferred their fraud teams, six months prior to transfer date HR are contacted to see which staff are in scope to transfer. Approximately 3 months prior to the transfer date the local authorities are told to cease any new investigations into welfare benefit cases and then current cases being investigated are migrated to the DWP.

Those staff that are not retained by the local authorities will then transfer to the DWP on 16 March 2016. Staff that remain within the local authorities are no longer empowered to investigate any welfare benefit claims.

The local authorities are still responsible for the management of housing benefit claims until universal credit is further expanded to encompass all claims. As such the local authorities will still have responsibility to reduce fraud and error entering the system. They will also maintain the review of the NFI data matches, HBMS

matches and any other notifications of changes or anomalies within the claim. If fraud is suspected they will then refer the claim to The Single Fraud Investigation Team to deal.

3 Proposals

3.1 That the report is accepted.in relation to past performance and the present situation of the Fraud Team.

3.2 It is also intended to retain the team, if not in its present numbers, to deal with Council Tax Support claims, Single Person Discounts and other exemptions for Council Tax and Non Domestic Rates.

As the majority of any Council Tax savings are paid to KCC an application for funding for retention of staff has been made to KCC. The outcome of this bid is not yet known.

A report is being prepared so that a decision can be made upon the viability of retaining some, if not all of the current team after March 2016. All members of the current team have expressed a desire to remain at the local authorities rather than transfer to DWP. This decision may also be affected by the result of any KCC funding.

4 Alternative Options

The Council could take the option not to accept this report. It could also take the option to transfer all staff that are within scope, to the Department for Work and Pensions on 16th March 2016.

5 Consultation Undertaken or Proposed

A review is currently underway regarding the financial and reputational viability of retaining staff. A report has also been submitted to KCC for funding to assist in the retention of staff for dealing with council tax fraud.

6 Implications

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.

The shared fraud service will offer some resilience in these times of change. It is hoped that it will be possible to retain all staff within the shared service after 16 March 2016, but this will be dependant on finances and the viability of such retention.

The decision on the future of the team and staff members is a priority, as uncertainty may persuade other team members to seek more secure employment. The team and staffing for all three councils in the present circumstances is minimal, and any further reductions will create problems in being able to undertake its responsibilities.

Issue	Implications
Corporate Plan	With the introduction of SFIS the focus of the team will change to council tax support claims and discounts and exemptions both for council tax and non domestic rates.
Financial, Resource and Property	Research is being undertaken to confirm the financial viability of the retention of the team and staff numbers after 16 March 2016. Funding is also being sought from KCC.
Legal and Statutory	With the introduction of SFIS local authorities will not be authorised to investigate welfare benefits. Local authorities are empowered to investigate council tax support and associated discounts/exemptions
Crime and Disorder	There should be no crime and disorder implications arising from the recommendations contained in this report.
Sustainability	As previously stated this is being addressed in regard to retention of the fraud team after 16 March 2016 and will be dealt with in a separate report.
Health and Wellbeing	There should be no health implications arising from this report
Risk Management and Health and Safety	Staff are being kept fully informed of any known changes as it is realised that the future uncertainty may cause some health issues.
Equality and Diversity	There are no equality and diversity issues arising from this report.

7 Appendices

None

8 Background Papers

None