

Anti-Fraud Team 2013/14 – End of Year Report

1. Introduction

This report sets out the achievements of the Council's Anti-Fraud Team in 2013/14 and outlines the team's priorities for 2014/15.

It also provides an update in relation to the proposed Single Fraud Investigation Service (S-FIS) and the potential impact this will have on fraud investigations conducted by Sevenoaks District Council.

The Anti-Fraud Team conducts fraud investigations for both Sevenoaks District Council and Dartford Borough Council under a shared service arrangement. This report only relates to work completed by the Anti-Fraud Team on behalf of Sevenoaks District Council.

2. Background

The Anti-Fraud Team performs two main roles for the Council:

2.1- investigates instances of alleged benefit fraud which may require joint investigations with officers from the Fraud and Error Service at the Department for Work & Pensions (DWP); and,

2.2- assists the Council in highlighting instances of fraud which could adversely affect the level of taxes/income it collects/receives.

3. Performance

Benefit Fraud

Fraud investigators employed by Sevenoaks District Council investigate allegations of benefit fraud received from varying sources and participate in data-match exercises designed to pro-actively seek out fraud within the welfare system.

Investigations can review benefit claims paid out solely by Sevenoaks District Council or include cases where the claimant receives a mixture of benefits paid by the local council and the Department for Work & Pensions. Typically a fraud investigator's caseload within Sevenoaks District Council will be split equally between the two.

During 2013/14 fraud investigators working on behalf of Sevenoaks District Council discovered £288,263.64 of overpaid Housing Benefit, Council Tax Benefit and Council Tax Support. Joint investigations conducted during 2013/2014 with colleagues from the Department for Work & Pensions discovered a further £109,521.75 of DWP administered benefits which had been incorrectly paid out to benefit claimants.

Although not directly responsible for the collection of overpaid Housing Benefit, Council Tax Benefit and Council Tax Support the Anti-Fraud Team offers support to debt recovery colleagues within the Council's Revenues Department to ensure the speedy recovery of overpaid monies discovered through fraud investigations. To date the Council has already successfully recovered £134,825.52 of the overpaid Housing Benefit, Council Tax Benefit and Council Tax Support discovered by the Anti-Fraud Team during 2013/2014.

Sevenoaks District Council has a very strong anti-fraud culture and is committed to protecting valuable public funds wherever possible. In 2013/2014 The Anti-Fraud Team

successfully prosecuted 10 benefit fraud offenders and issued a further 4 Formal Cautions and 3 Administrative Penalties.

The local authority has the following sanctions available to it:

A Formal Caution – Claimant admits the offence in question, signs a declaration to this effect and repays all overpaid benefit back. The offence is relatively minor and the claimant has not committed benefit fraud in the last 5 years. For a case to be considered for a sanction the authority must be able to prosecute the offences involved and so the investigation file must be of a prosecution standard. If a claimant is offered either a Formal Caution or Administrative Penalty, but chooses to decline this sanction, then the authority has within its powers to prosecute that individual.

An Administrative Penalty – Claimant does not admit the offence in question, but agrees to repay all overpaid benefit plus a penalty on top as an alternative to legal action being taken against them. The offence is relatively minor and the claimant has not committed before fraud in the last 5 years.

Prosecution – Claimant has to repay all overpaid benefit and legal action is instigated because offence is deemed too serious for an alternative sanction to be considered.

Council Tax (Discounts & Exemptions)

Members will be aware that in October 2012 the Anti-Fraud Team commenced an anti-fraud drive to pro-actively seek out Council Tax payers who were incorrectly claiming discounts on their Council Tax bills by falsely stating that they were the only eligible adult in their household.

The Audit Commission in their 'Protecting the Public Pursue Report 2010' estimated that 4 – 6% of all single person discount claims are fraudulent and in their latest report issued in 2013 they reported that local authorities discovered £19.6m of Council Tax discount fraud in 2012/2013.

The Anti-Fraud Team annual report 2012/2013 confirmed to Members that the team had discovered 79 incorrectly awarded discounts during 2012/13 which allowed the Revenues Department to re-bill SDC tax payers for a further £53,131.18.

This exercise has continued during 2013/2014 and the team have discovered a further 94 incorrectly awarded discounts allowing Sevenoaks District Council to request a further £96,537.91 in Council Tax. The exercise has now removed a total of 173 discounts which would have resulted in £149,669.09 of Council Tax not being collected.

The accumulative effect of this refund will be realised in subsequent years unless the tax payer reports a change in their circumstances. Therefore, the £149,669.09 value is only a proportion of the true value that this exercise has brought to both Sevenoaks District Council and to Kent County Council.

4. The Single Fraud Investigation Service

In December 2013, The Chancellor of the Exchequer confirmed in his autumn statement, the creation of a Single Fraud Investigation Service (S-FIS) which will bring together the expertise of welfare benefits investigators from local authorities, the Department for Work

& Pensions and Tax Credits investigators from Her Majesty's Revenues and Customs into one body operating within the Department for Work & Pensions.

The transfer of staff will be conducted in a phased approach between October 2014 and March 2016. Sevenoaks District Council has recently been informed that eligible staff from its investigation service will be able to transfer to the new organisation in February 2016.

The Single Fraud Investigation Service will only investigate welfare fraud and so the investigation of fraud within Council Tax Support claims and Council Tax (discounts & exemptions) will remain the responsibility of the local authority.

5. Priorities for 14/15

Benefit Fraud Investigations

As Sevenoaks investigation staff are not due to transfer to the Single Fraud Investigation Service until February 2016, The Anti-Fraud Team will continue to provide high quality fraud investigation work, and where appropriate, conduct joint investigations with colleagues from the Department for Work & Pensions during 2014/15.

Anti-Fraud Team staff will work with management to prepare for the impending change so that a satisfactory solution is found to address both individual staff concerns and the Council's requirements after the transformation has taken place.

Data Match Schemes

The Anti-Fraud Team will continue to participate in all available anti-fraud data-match schemes, for example, the Housing Benefit Matching Service (HBMS) and The National Fraud Initiative (NFI), in order to identify potential discrepancies in benefit payments and to take action against those found to have claimed public money fraudulently.

In April 2014 Sevenoaks District Council received over 400 referrals from the National Fraud Initiative Council Tax (Single Person Discount) Exercise 2014. This is a data-match exercise co-ordinated by the Audit Commission to highlight Council Tax accounts where there is a claim for a single person discount, but the voters register shows two people being registered to vote. The Anti-Fraud Team will co-ordinate the reviews of these claims and work closely with the Revenues Department to remove any incorrectly awarded discounts.