

BENEFITS FRAUD REPORT 2011/12

Performance and Governance Committee – 12 June 2012

Report of the: Director Of Corporate Resources

Status: For Consideration

This report supports the Key Aim of Effective Management of Council Resources

Portfolio Holder Cllr. Ramsay

Head of Service Group Manager Financial Services – Adrian Rowbotham

Recommendation: It be RESOLVED that Members note the contents of the report and the work of the Anti-Fraud Team carried out in 2011/12 and the work proposed for 2012/13.

Introduction

- 1 The report sets out details of the activities of the Anti-Fraud Team during 2011/12 and the team's work plan for 2012/13. The team is responsible for conducting investigations into benefit fraud, establishing where claimants have been overpaid benefit, in addition to imposing relevant sanctions or prosecutions of offenders where applicable
- 2 Members may be aware that the Benefits Fraud Team joined with the Internal Audit Team following the shared services agreement with Dartford Council in April 2010, thus creating the new Audit, Risk and Anti-Fraud Team. The Performance and Governance Committee is responsible for monitoring the work of the Internal Audit and so this report is sent to the committee to review the work conducted under the new wider remit of the new shared services arrangements.

Summary of Issues in the Report

- 4 Details of the activities of the team during the year 2011/12 are attached as the Appendix to this report. The team's performance is set out in section three of the Appendix. Section four outlines the implications for local authority fraud investigation in light of the creation of the Single Fraud Investigation Service. Section five sets out the team's priorities for 2012/13.
- 5 A key highlight during the year is the continued streamlining and standardising of procedures which contributes towards improvements in efficiency and the quality of service delivery. This has also resulted in further improvements in the team's overall performance during the year.

Partnership with Dartford Borough Council

- 6 This is the second report following the shared services arrangement with Dartford Borough Council for the provision of a joint investigations service. The service is

based at Dartford Council and has operated well during the year, with improvements in service standards and performance.

Key Implications

Financial

7 This report has no financial implications.

Community Impact and outcomes

8 An effective benefits fraud service provides assurance that the Council has an adequate control environment in place, which would generate public confidence amongst the community, in addition to preventing the misuse of public funds.

Legal, Human Rights etc.

9 This report has no additional legal implications.

Resource (non-financial)

10 Not applicable.

Value for Money and Asset Management

11 Not applicable.

Equality

12 There are no additional equality implications for this report.

Sustainability Checklist

13 Not applicable.

Risk Assessment Statement

14 The Council is required to have proper arrangements in place to deal with fraud and corruption, including benefits fraud. The work of the team meets this requirement and has effectively delivered service improvements whilst generating efficiency for the Council. However continuous risk assessment is undertaken to ensure that any potential threats or opportunities posed by shared services working are properly addressed.

Sources of Information: Accounts and Audit Regulations 2003 (Amendment) 2011

CIPFA Code of Practice for Internal Audit in Local Government (2006)

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Pav Renewal

Housing Benefit Fraud

11/12 – End of Year Report

1. Introduction

This report sets out the achievements of the Anti-Fraud Team for 2011/12 and the team's priorities for 2012/13.

2. Background

The Anti-Fraud Team (as part of the Audit, Risk & Anti-Fraud Team) has provided a fraud investigation service for Sevenoaks District Council and Dartford Borough Council since September 2010, when the original separate Benefit Fraud Teams were officially merged and the main team base established at the Civic Centre, Dartford. A close presence is maintained with the shared service Revenues & Benefits Team, with an investigation officer being available on site, via a hot-desk arrangement within the Argyle office in Sevenoaks.

The Anti-Fraud Team pre-dominantly deals with benefit fraud enquiries, conducting joint welfare benefit fraud investigations with officers from the Fraud Investigation Service of the Department for Work & Pensions.

3. Performance

The period April 2011 to March 2012 was a very busy year for the investigations team. The current economic claimant had resulted in an increase in overall benefits fraud within the district. This has resulted in substantial increase in the team's workload during the year.

The investigation team has had a very successful year in terms of its work in detecting cases of benefit fraud and taking action against the perpetrators. Benefit investigations, conducted on behalf of Sevenoaks District Council, un-earthed £323,984.52 (£191,857.33) of overpaid Housing Benefit & Council Tax Benefit in 2011/12, a 169% increase on the value discovered during 2010/2011.

34 (24 - 2010/11) benefit sanctions were issued in respect of Sevenoaks District Council benefit fraud cases (this included 14 Formal Cautions, 10 Administrative Penalties and 10 successful prosecutions) this equates to a 142% increase on the number of benefit sanctions issued the previous financial year.

A benefit sanction can be either:

A Formal Caution – Claimant admits the offence in question and signs a declaration to this affect and repays all overpaid benefit back. The offence is relatively minor.

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 up to 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.

Appendix

An Administrative Penalty – Claimant does not admit the offence in question, but agrees to repay all overpaid benefit plus a 30% penalty on top as an alternative to legal action being taken against them. The offence is relatively minor.

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.

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Administrative Penalties to the value of £8,559.14 were issued in accordance with the authority's benefit sanction procedures (this is up from £2,188.04 issued the previous year), of this £5,712.07 has already been collected.

In 2011-2012, Sevenoaks Council received around 135 allegations of benefit fraud through its fraud hotline/website or through reports direct to the Anti-Fraud Team from members of the general public.

A further 100 reports of alleged benefit fraud were received by the Anti-Fraud Team from staff members, primarily those working within the Benefits Department itself.

The Anti-Fraud Team processed over 535 data-match referrals received from the Department for Work & Pensions (which indicate both errors and possible fraud in benefit claims) all of which were evaluated and action assigned.

A total of 94 benefit fraud investigations were completed throughout the year, of which 56 were found to have proven fraud. The proven cases varied between discovering an overpayment of £52 up to a case where the total overpayment was just under £61,000.

4. The Single Fraud Investigation Service

The Department of Work and Pensions (DWP) has proposed to have a single fraud investigations team from April 2013. The Single Fraud Investigation Service (SFIS) will bring together the combined expertise of the Welfare Benefit Fraud investigation work undertaken by the Department for Work & Pensions (DWP) Fraud Investigation Service (FIS), local authority Fraud Investigators and Her Majesty's Revenues & Customs (HMRC) officers dealing with Tax Credits into a single service.

Local authority investigators will remain in the employment of local authorities and work from their local authority bases, but work under SFIS policies and procedures.

The final details of how the service will operate has not yet been established, but it is hoped that the approach will support the government's vision on fraud and error, with greater emphasis on preventing fraud from getting into the system initially. Where this fails, to ensure there are effective processes in place to detect, correct, and punish offenders, as appropriate.

The following items will be out of the scope of SFIS in 2013:

- Council Tax Benefit replacement fraud
- Local Authority Corporate Fraud

5. Priorities for 12/13

The Anti-Fraud Team has prioritised the following areas of work for the financial year 2012/2013:

Benefit Fraud Investigations

Continue to produce high quality fraud investigation work, and where appropriate, conduct joint investigations with colleagues from the Department for Work & Pensions to enable the correct action to be taken against any proven perpetrators, in-line with the respective benefit fraud prosecution policies.

Data Match Schemes

Continue to participate in all available anti-fraud data-match schemes, for example, the Housing Benefit Matching Service (HBMS), 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.

Non Benefit Related Fraud

Continue to develop strategies and allocate resources (where available) to investigate non-benefit related matters such as, single person discount fraud and housing tenancy fraud.

Liaison with External Fraud Agencies

Continue to create even closer working arrangements with the Department for Work & Pensions and assist in developing the blue-print for the Single Fraud Investigation Service (SFIS) due to come into existence in 2013.

Targets for 2012/2013

<u>Item</u>	<u>Annual Target</u>

Appendix

Number of successful benefit fraud prosecutions	9
Amount of overpaid Housing Benefit & Council Tax discovered through benefit fraud investigations	£208,000