

ANGUS COUNCIL

SCRUTINY & AUDIT COMMITTEE – 13 AUGUST 2013

BENEFIT FRAUD INVESTIGATION

REVIEW TO 31 MARCH 2013

REPORT BY SERVICE MANAGER - GOVERNANCE

ABSTRACT

This report provides background to the work of the Benefit Fraud Team and summarises the activity undertaken in the year to 31 March 2013.

1. RECOMMENDATION

It is recommended that the Scrutiny and Audit Committee note the contents of this report.

2. BACKGROUND

The Benefit Fraud Team (BFT) is a specialist fraud investigation team within Internal Audit, part of the Governance Team within the Chief Executive's Unit. During 2012/13, the section was situated within the Finance Division.

The primary role of the BFT is to investigate allegations received by the Council of Housing Benefit (HB) and Council Tax Benefit (CTB) fraud. The BFT has well established joint working arrangements with the Department for Work and Pensions (DWP) and also collaborates with other local authorities and the National Anti Fraud Network (NAFN).

Section 46 of the Welfare Reform Act 2008 also allows Local Authorities to investigate certain national benefit offences in addition to Housing and Council Tax benefits. In practice, this is undertaken in conjunction with a wider HB/CTB investigation.

The Council has over preceding years taken advantage of a number of national schemes designed to help strengthen the fraud investigation function. In particular, investigating officers are appropriately trained and qualified under the national Professionalism in Investigations (PINS) training scheme; have access to and utilise all the available intelligence / information gathering sources; and have systems designed to support the investigation process.

A number of forums to exchange and develop good practice in the area of counter fraud activity have been developed between partner agencies at both a national and regional level. The Council is represented as appropriate at these forums and plays an active role in their activities.

3. OVERVIEW

The main features of BFT activity in the year to 31 March 2013 were:

- a) 47 cases of proven fraud, 68 cases of non-fraudulent error, with a total of £256,068 HB/CTB and £120,180 DWP overpayments identified in the year to 31 March 2013.
- b) 30 sanctions delivered in the year. There has been a significant increase in referrals to the Procurator Fiscal, 23 cases in 2012/13 compared with 13 in 2011/12.

4. STATISTICAL SUMMARY

Table A below summarises the BFT activity and results in each of the three years to 31 March 2013. Further detail is contained in Appendix I.

Table A: Summary Results

Description	2010/11	2011/12	2012/13
Referrals Received (Appendix I, table A)	724	711	432
Cases Closed in Year (Appendix I, table B)	719	742	425
Sanctions in Year (Appendix I, table C)	31	35	30
HB / CTB Overpayments Identified (Appendix I, table D)	£218,018	£186,714	£256,068
DWP Administered Benefits Overpayments Identified (Appendix 1, table E)	£161,891	£75,997	£120,180

The figures for referrals received represent cases recorded in the BFT's fraud management system. In 2012/13, matches received from the Housing Benefit Matching Service (HBMS) were reviewed and an initial assessment was carried before cases were uploaded to the system. In previous years, all matches received from HBMS were automatically uploaded.

5. SINGLE FRAUD INVESTIGATION SERVICE

At the time of the 2012 BFT update to this committee (report 559/12), it was expected that a new Single Fraud Investigation Service (SFIS) would be implemented from 2013 and would have a significant impact on the work of the BFT.

SFIS pilots have been in place in four local authorities (Glasgow, Corby, Hillingdon and Wrexham) since November 2012 and will run until March 2014. National roll-out will take place during 2014/15. SFIS will cover social security benefit and tax credit fraud. It does not include other corporate fraud work such as the council tax reduction scheme, council tax discounts and exemptions.

6. RISKS

This report does not require any specific risk issues to be addressed.

7. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report. Where overpayments are identified in the benefits paid by Angus Council (Housing and Council Tax Benefit) the repayment of these results in recovered income for the Council. It is not however always possible to make full recovery in these cases.

8. HUMAN RIGHTS IMPLICATIONS

There are no human rights implications arising from this report.

9. EQUALITIES IMPLICATIONS

The issues contained in the report fall within an approved category that has been confirmed as exempt from an equalities perspective.

10. CONSULTATION

The Chief Executive, Strategic Director-Resources, Head of Corporate Improvement & Finance and Head of Legal & Democratic Services have been consulted in the preparation of this report.

11. CONCLUSION

The year to 31 March 2013 represented another successful year for the BFT. The annual sanction target of thirty has been met, with an increase in the number of cases passed to the Procurator Fiscal. This is despite the fact that the team was operating with reduced staffing resources for much of the year. There has been a significant increase in referrals received through the online reporting facility on the Council's website. The increase in the value of overpayments identified can be attributed to higher value cases.

The policy of developing joint working opportunities with colleagues from the DWP Fraud Investigation Service continues to offer mutual advantage to both parties and supports counter fraud activity.

JANINE WILSON
SERVICE MANAGER - GOVERNANCE

NOTE: No background papers, as defined by Sections 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.

Gov/JW/SC
July 2013.

Detailed Outcomes Tables

Table A: Referrals Received by Source

Source	2010/11	2011/12	2012/13
Benefit Enquiry Offices			
Arbroath	22	11	14
Carnoustie (Note 1)	2	0	0
Forfar	18	19	33
Invertay House	62	73	43
Kirriemuir (Note 1)	24	2	1
Montrose	19	21	32
Other			
Housing Staff	4	5	11
Invertay Liaison Staff	24	41	15
DWP Fraud Investigation Service	24	38	28
Fraud Drive	19	11	27
Fraud Team	0	1	1
Housing Benefit Matching Service	420	385	82
Angus Council Fraud Hotline	21	24	29
Returned Post	1	0	1
National Fraud Initiative	12	9	12
Leaflet / On Line	50	66	103
Other	2	5	0
Total	724	711	432

Note 1: Benefit Enquiry Offices at Carnoustie and Kirriemuir are now closed.

Table B: Cases Closed in Year by Category

Category	2010/11	2011/12	2012/13
Fraud Proven	80	66	47
Incorrect Benefit. (Not assessed as fraudulent)	86	86	68
No Fraud	167	112	87
No Investigation (Note 2)	386	478	223
Total Closed	719	742	425

Note 2 All referrals received are risked assessed using a risk matrix. Where the assessed risk score is low no investigation is carried out. This approach helps ensure the efficient allocation of limited BFT resources.

Table C: Sanctions in Year

Category	2010/11	2011/12	2012/13
Administrative Cautions	11	8	3
Administrative Penalties (Note 3)	9	14	4
Referred to Procurator Fiscal	11	13	23
Total	31	35	30

Note 3 An Administrative Penalty of 30% of the identified overpayment is payable by the claimant as an alternative to referral to the Procurator Fiscal. The council retains these funds.

Table D: HB / CTB Overpayments Identified

Category	2010/11	2011/12	2012/13
	£	£	£
Income from other sources	30,347	24,793	3,038
Working and Drawing	41,411	47,402	44,945
Capital	36,317	41,666	66,822
Non Dependants	1,612	1,883	0
Living Together	82,285	48,492	131,691
Non Residence	7,431	3,719	3,013
Contrived Tenancy	0	768	0
Other	2,818	770	2,932
Failure to Report Other Benefits	15,797	7,221	3,627
Total	218,018	186,714	256,068

Action is taken to recover overpayments. Where possible, this is done by adjustment to ongoing benefit payments. In other cases, an invoice is raised. For Council Tax benefit, the claimant is re-billed.

Table E: DWP Administered Benefits Overpayments Identified

Benefit	2010/11	2011/12	2012/13
	£	£	£
Income Support	147,444	53,154	83,644
Job Seekers Allowance/PC	13,234	22,843	26,254
Incapacity Benefit	1,213	0	10,282
Total	161,891	75,997	120,180