



Committee and Date

Audit Committee

14 February 2013

10.00 am

Item

6

Public

BENEFIT FRAUD INVESTIGATIONS – PERFORMANCE MONITORING REPORT

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1. Summary

- 1.1 The Council's benefit fraud work is now undertaken by officers working within the wider Investigations Team under the Public Protection and Enforcement Group (PP&E) umbrella. Investigations are undertaken into fraudulent claims for Housing Benefit and Council Tax Benefit (HB/CTB) and other Welfare Benefits jointly with the Department for Work and Pensions (DWP). This report provides Members with performance monitoring information on the investigations undertaken by officers for the financial year 2012/13 up to 28 January 2013.

2. Recommendations

- 2.1 Members are asked to approve, with appropriate comment, the position as set out in this report with respect to benefit fraud investigation performance.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 The Council provides Housing Benefit and Council Tax Benefit by virtue of a scheme, under Section 123 of the Contributions and Benefits Act 1992 and administers the scheme in accordance with the Social Security Administration Act 1992.
- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 3.3 There are no direct environmental, equalities, climate change or consultation consequences of this proposal.

4. Financial Implications

- 4.1 There are currently 6.6 FTE Investigation Officers and 0.5 FTE Administration Officer undertaking benefit fraud work. The officers are now managed by the PP&E Investigations Team Manager. The service is provided with a base budget Net Service Expenditure of £294,180.
- 4.2 The result of the investigations into fraudulent claims to Housing Benefit and Council Tax Benefit identified £577,809.37 of overpaid benefits in 2011/12 and £441,959.85 for the financial year 2012/13 up to the 28 January 2013.
- 4.3 In addition to the overpayments recovered, the Council receive 40 per cent in subsidy payments through Central Government for any monies identified as overpayments.

5. Background

- 5.1 The Council has over 24,000 Housing Benefit and Council Tax Benefit (HB/CTB) claimants, paying out in excess of £80 million per year.
- 5.2 The legislation relating to the payment of HB/CTB is complex, so it is important that the Benefit Service ensures that individual claimants to benefit report their changes in circumstances promptly. Failure to report either with or without intent can lead to large overpayments of benefit.
- 5.3 The benefit fraud officers receive referrals of fraud from members of the public, staff and other agencies including the National Fraud Initiative and the Housing Benefit Matching Service.
- 5.4 The benefit fraud officers have been part of PP&E since April 2011. Following a review of PP&E during 2012, the benefit fraud function now forms an integral part of the wider Investigations Team with all members of the team sharing expertise and skills.
- 5.5 Currently, the investigation of Housing and Council Tax Benefit fraud is the responsibility of local authorities. The committee will be aware of the Welfare Reform Act which enables a new Single Fraud Investigation Service (SFIS) as part of the Department for Work and Pensions (DWP). The commencement of SFIS was expected to happen in early 2013 with the new service becoming responsible for investigating the revised Housing Benefit and ultimately the new Universal Credit. The full implementation of SFIS has, however, been delayed and will not have a direct impact on current service delivery until April 2014 at the earliest.
- 5.6 The DWP, who is responsible for SFIS, is currently running a number of nationwide pilots in order to assess different delivery models prior to any full implementation of SFIS.

6. Additional Information

6.1 Housing Benefit and Council Tax Benefit overpayments identified

Benefit Type	2010/11	2011/12	2012/13 (to 28/01/13)
Housing Benefit Overpayments	£463,574.76	£437,610.94	£342,960.87
Council Tax Benefit Overpayments	£140,587.08	£140,198.43	£98,998.98
Totals	£604,161.84	£577,809.37	£441,959.85

6.2 Actions taken

Sanction Type	2010/11	2011/12	2012/13 (to 28/01/2013)
Cautions	112	107	82
Admin Penalties	46	53	24
Prosecutions	35	64	29

6.3 The total Welfare Benefit overpayments identified during the course of investigations in addition to Housing Benefit and Council Tax Benefit (e.g. Income Support, Incapacity Benefit, etc.) in 2011/12 was £253,106 and 2012/13 to the 28/01/13 is £144,614.

6.4 Shropshire Council may use Administrative Penalties as an alternative to prosecution. An Administrative Penalty is a financial sanction equivalent to a minimum £350 or 30% (50% for offences committed wholly on or after 8 May 2012) of the benefit overpayment. This is in addition to the total overpayment of benefit which is also recoverable. The table below shows the total amount of Administrative Penalties that have been accepted by customers as an alternative to prosecution action.

6.5 Total Administrative Penalty Repayments offered, accepted and recovered

	2010/11	2011/12	2012/13 (to 28/01/13)
Admin Penalty accepted	£15,922.80	£28,757.93	£21,565.52
Admin Penalty recovered (to date)	£6,643.36	£20,526.03	£7,475.76

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Welfare Reform Bill Feb 2011

Cabinet Member (Portfolio Holder)

Cllr Steve Charmley, Keith Barrow, Leader of the Council and Brian Williams, Chairman of Audit Committee.

Local Member

N/A

Appendices

None