

BENEFIT FRAUD INVESTIGATIONS – PERFORMANCE MONITORING REPORT

Responsible Officer Grant Tunnadine – Investigations Team Manager
e-mail: grant.tunnadine@shropshire.gov.uk Tel: 01743 251739

1. Summary

- 1.1 The Council's benefit fraud work is undertaken by officers working within the wider Investigations Team under the Public Protection (PP) 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 2013/14 up to 17th January 2014.

2. Recommendations

- 2.1 That the Committee consider and endorse, with appropriate comment, the position as set out in this report with respect to benefit fraud investigation performance.

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3. Risk Assessment and Opportunities Appraisal

- 3.1 The Council provides Housing Benefit and formerly 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 5.1 FTE Investigation Officers undertaking benefit fraud work with a further 0.5 FTE currently on secondment within the Benefits team. This is a reduction from the same time last year with 1.0 FTE post lost via the Voluntary Redundancy scheme (December 2013) and the 0.5 FTE Administration Officer post lost following retirement in September 2013. The benefit fraud function is currently funded from within the Public Protection Investigations Team budget. The level of the Public Protection budget allocated to benefit fraud was set at £311,504 compared with £290,184 for 2012/13. Currently the projected spend for year end is £284,737.
- 4.2 The results of the investigations undertaken by officers into the fraudulent claims associated with the Local Authority administered benefits/allowances identified

£547,338.04 of overpayments in 2012/13 and £428,435.78 for the financial year 2013/14 up to the 17 January 2014.

- 4.3 In addition to the overpayments recovered, the Council continues to 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 individuals claiming Housing Benefit (HB) and the new Council Tax Reduction Scheme (CTRS), paying out in excess of £80 million per year. Council Tax Benefit (CTB) was replaced by the Council Tax Reduction Scheme in April 2013.
- 5.2 The legislation relating to the payment of HB/CTRS is complex, so it is important that the Benefits Service ensures that individual benefit claimants report their changes in circumstances promptly. Failure to report any change either with or without intent can lead to large overpayments of benefit.
- 5.3 The benefit fraud officers receive referrals of benefit fraud from a number of sources including members of the public, staff, other agencies and also through the use of data matching exercises including the National Fraud Initiative and the Housing Benefit Matching Service.
- 5.4 Despite the changeover from CTB to CTRS, investigations into CTB fraud have and will continue, since investigations by their very nature cover past periods. Moving forwards these will reduce and be replaced more predominately with CTRS related overpayments and respective offences. However, at this time we are in a position of transition resulting potentially in three different types of overpayments relating to HB, CTB and CTRS and this is reflected in the performance data.
- 5.5 It should also be noted that even though the CTRS is a replacement for CTB, CTRS is part of the council tax system and as such is not a social security benefit or allowance as defined under social security legislation, unlike CTB and HB.
- 5.6 Currently, the investigation of HB, CTB and CTRS fraud is the responsibility of the Local Authority. Committee members will recall following the Audit Meeting of 14th February 2013 that the Single Fraud Investigation Service (SFIS), part of the Department for Work and Pensions (DWP) will in the future become responsible for the enforcement of all Social Security related benefits/allowances. This will result in HB and CTB fraud no longer being investigated by this team. However, SFIS will not be responsible for the enforcement of CTRS related fraud.
- 5.7 The date for full implementation of SFIS has yet to be determined but a roll out programme from April 2014 is still anticipated although no details are available at this time. With these changes afoot, the Authority will need to consider the effects of and how CTRS Fraud/enforcement is to be delivered in the future if remaining Investigation Officers are required by SFIS.

6. Additional Information

- 6.1 **Housing Benefit and Council Tax Benefit overpayments identified**

Benefit Type	2011/12	2012/13	2013/14 (to 17/01/14)
Housing Benefit Overpayments	£439,191.23	£432,117.18	£354,985.60
Council Tax Benefit Overpayments	£138,643.92	£115,220.86	£67,107.43
Council Tax Reduction Scheme Overpayments	n/a	n/a	£6,340.75
Totals	£577,809.37	£547,338.04	£428,433.78

6.2 Actions taken

Sanction Type	2011/12	2012/13	2013/14 (to 17/01/14)
Cautions	107	97	27
Admin Penalties	53	29	19
Prosecutions	64	42	63

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 2012/13 was £165,065.32 and 2013/14 to the 17/01/14 is £160,561.70. This would include benefits like Income Support, and Pension credit.

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 and accepted

	2011/12	2012/13	2013/14 (to 17/01/14)
Admin Penalty accepted	28,757.93	23,008.14	6,672.05
Admin Penalty recovered	23,616.59	143,301.55	1,599.00

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

Cabinet Member (Portfolio Holder) Cllr Steve Charmley, Cllr Tina Woodward

Local Member

Appendices