



Committee and Date

Audit Committee

23 February 2015

## **BENEFIT FRAUD INVESTIGATIONS – PERFORMANCE MONITORING REPORT**

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### **1. Summary**

- 1.1 The Council's benefit fraud work is undertaken by fraud officers working within the wider Benefits Team in the Revenues and Benefits Service. The Fraud Team transferred back into Benefits in June 2014 from Public Protection.
- 1.2 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 2014/15 to date.

### **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.

## **REPORT**

### **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 The results of the investigations undertaken by officers into the fraudulent claims associated with the Local Authority administered benefits/allowances identified £434,219.96 of overpayments in 2013/14 and £150,753.86 for the financial year 2014/15 up to the 10 February 2015.
- 4.2 In addition to the overpayments recovered, the Council continues to receive 40 per cent in subsidy payments through Central Government for any HB/CTB 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 Team 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. As illustrated in the tables below these are reducing and being replaced more predominately with CTRS related overpayments and respective offences.
- 5.5 Currently, the investigation of HB, CTB and CTRS fraud is the responsibility of the Local Authority. Committee members will recall 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. As part of the transition of Local Authority Fraud staff to SFIS, Shropshire Council's fraud team are due to transfer on 1 June 2015. Work is underway with Shropshire Council's HR Team and DWP representatives to ensure as smooth a transition as possible for the team.
- 5.6 SFIS will not be responsible for the enforcement of CTRS related fraud. Although 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. Consideration is being given by the Revenues and Benefits Service about how CTRS and other Council Tax related fraud can be investigated within current resource levels after the transfer of the Fraud Team to SFIS. A greater emphasis is likely to be placed on civil penalties being issued by Shropshire Council under the new arrangements.

## 6. Additional Information

### 6.1 Housing Benefit and Council Tax Benefit overpayments identified by the Fraud Team

Benefit Type	2012/13	2013/14	2014/15 (to 10/02/15)
Housing Benefit Overpayments	£432,117.18	£357,729.55	£123,709.23
Council Tax Benefit Overpayments	£115,220.86	£68,615.63	£15,821.04
Council Tax Reduction Scheme Overpayments	n/a	£7,874.78	£11,223.59
<b>Totals</b>	<b>£547,338.04</b>	<b>£434,219.96</b>	<b>£150,753.86</b>

### 6.2 Actions taken

Sanction Type	2012/13	2013/14	2014/15 (to 10/02/14)
Cautions	97	35	23
Admin Penalties	29	31	9
Prosecutions	42	76	18

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 2013/14 was £139,743.34 and 2014/15 to the 10/02/15 is £3,700.44. 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

	2012/13	2013/14	2014/15 (to 10/02/15)
Admin Penalty accepted	£23,008.14	£14,711.59	£4,753.00

**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 Mike Owen

**Local Member**

**Appendices**