

Audit, Governance and Standards Committee

20 July 2015

Is the final decision on the recommendations in this report to be made at this meeting?

No

Benefit Fraud Annual Report 2014/2015

Final Decision-Maker	Audit, Governance and Standards Committee
Lead Director or Head of Service	Director of Regeneration and Communities
Lead Officer and Report Author	Benefit Fraud Manager
Classification	Non-exempt
Wards affected	None

This report makes the following recommendations to the final decision-maker:

1. Consider the results of the Investigation Team for the year 2014/2015.
2. To note the current format of the Mid Kent Partnership shared fraud service
3. To note the impending changes resulting from the roll out of Single Fraud Investigation Service for Maidstone 16/03/2016.

This report relates to the following corporate priorities:

- Great People
- Great Place
- Great Opportunity

Timetable

Meeting	Date
Audit Committee	20/07/2016

Benefit Fraud Annual Report 2014/2015

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The report is to note the performance of the Benefit shared service and to give background to the future of the Fraud Team.

2. INTRODUCTION AND BACKGROUND / RESULTS / FUTURE

- 2.1 The fraud shared service was set up in 2008, bringing together the Maidstone and Tunbridge Wells Fraud Investigation function, and was extended in November 2014 to include Swale Borough Council. The Shared Service was expanded to offer some resilience prior to the roll out of the government's Single Fraud Investigation Service.
- 2.2 The primary role of the team is the prevention and detection of Housing Benefit and Council Tax Support fraud and to work within the authorities' Anti Fraud Strategy.
- 2.3 Maidstone Borough Council pays out over £55 million in Housing Benefit and Council Tax Support to over 12,000 households. The Benefit Fraud shared service has a staffing compliment for this financial year comprising :
 - 1.0 Fraud Manager
 - 2.6 Investigators
 - 2.0 Compliance Officers
 - 0.8 Clerical Support
- 2.4 The staffing cost to Maidstone Borough Council for the year 2014/ 2015 was £101k.
- 2.5 The number of fraud referrals received for Maidstone Borough Council was 426, and of these 136 were raised as investigations. The remainder were either passed to Compliance Officers, for non criminal informal action or to the Department for Work and Pensions (DWP) Counter Fraud Service.
- 2.6 Results are measured on the number of Sanctions applied (prosecutions, administrative penalties and cautions) and the monetary value of the overpayments and weekly benefit savings.
- 2.7 In 2014/2015 there were 8 Prosecutions, 2 Administrative Penalties and 12 Cautions by Maidstone Borough Council. As seen from the figures the focus changed from prosecutions and administrative penalties to alternative Sanction action due in part to DWP policy and financial consideration.
- 2.8 The total overpayments found were valued at £274,651.51. The Authority recovers this in full, wherever possible and receives 40% subsidy from the DWP. Hence if the whole amount is recovered the total claw back would be 140%. The overpayment

figure includes £4,204.46, identified from the National Initiative biannual review currently being undertaken.

- 2.9 The council has robust procedures to recover any overpayments of benefit and Administrative penalties and in the year 2014 /2015 the collection rate for benefit overpayment was 67%.
- 2.10 The National Fraud Initiative review of Council Tax Single person discounts undertaken during the year has also identified savings of £30,473.08, and these savings were recharged to the relevant Council Tax accounts.
- 2.11 The following demonstrates the contribution made by the team in terms of return on investment and protecting the public purse. The return on investment is treated as the recoverable overpayments divided by all costs expressed as the amount of recoverable overpayment for every pound spent.

Total Savings and overpayment identified = £305,124
Cost of Team recharged to Maidstone = £101
Return on investment is therefore = £3 for every £ spent

- 2.12 All of the councils within the shared service (Maidstone, Tunbridge Wells and Swale) are due to be incorporated into the Single Fraud Investigation Service on 16/03/2016 and as such will be the last councils in Kent to transfer.
- 2.13 From experience of other authorities that have already transferred their Fraud Teams six months prior to the transfer date the council should be contacted to see which staff members would be able to transfer. Approximately 3 months prior to transfer date the Local Authorities are told to cease any new investigations into housing benefit cases and then current cases being investigated are migrated to DWP.
- 2.14 Staff that are not retained by the council will then transfer to the DWP on 16/03/2016. Staff that remain within the councils are no longer empowered to investigate housing benefit cases.
- 2.15 The council will still be responsible for the management of Housing Benefit claims until Universal Credit is further expanded to encompass all claims. As such the councils will still have a responsibility to reduce fraud and error entering the system. They will also maintain a review of the NFI data matches, and housing benefit matching service notifications of changes or anomalies within the claim. If fraud is suspected, they will then refer the claim to The Single Fraud Investigation Service to deal with.
- 2.16 It will also be the responsibility of the council to manage and investigate Council Tax Support cases and all discounts and exemptions in relation to these cases. This also applies to Business Rates. DWP will not investigate any of these claims or discounts.
- 2.17 Proposals are currently being drafted to assess the liability of retaining a fraud service for the three councils.

3 THE OPTIONS

- 3.1 The Council has a duty to protect the Housing Benefit system from fraud and abuse, for which it receives payment within the overall administration grant from DWP. It is considered good practice to report on the council's performance in relation to fraud and an error in the benefit system.

4 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 A decision is not required as the report is for information only
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5 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 The Audit committee receives an annual report on Benefit fraud and will continue to do so.
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6 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The proposals for a retained fraud service will be assessed and if considered viable will be presented to the preceptors and the other councils for consideration.
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7 CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	With the introduction of SFIS the focus of the team will change to Council Tax Support claims and discounts and exemptions both for Council Tax and Non Domestic rates.	Head of Revenues and Benefits
Risk Management	The report is for information only. Options for the future delivery of the counter fraud function will be reported to a future meeting.	Head of Revenues and Benefits

Financial	The report is for information only. A separate report will be submitted to a future meeting.	S151 Officer
Staffing	Research being undertaken to confirm viability of staffing levels after 16/03/2016	Head of Revenues and Benefits
Legal	With the introduction of SFIS Local Authorities will not be authorised to investigate or prosecute any Welfare benefits Local authorities are empowered to investigate Council Tax support and associated Discounts/Exemptions	Deputy Head of Legal Partnership
Equality Impact Needs Assessment	No impact.	Head of Revenues and Benefits
Environmental/Sustainable Development	No impact.	Head of Revenues and Benefits
Community Safety	No impact.	Head of Revenues and Benefits
Human Rights Act	No impact.	Head of Revenues and Benefits
Procurement	No impact.	Head of Revenues and Benefits
Asset Management	No impact.	Head of Revenues and Benefits

8 REPORT APPENDICES

None

9 BACKGROUND PAPERS

None