

Benefit Fraud Partnership Annual Report

To: Audit and Governance Committee

Date: 25 June 2013

Main Portfolio Area: Finance and Governance

Author of report: Sheila Daly, Benefit Security Manager

Classification: Non Exempt

Ward: All

SUMMARY

This report is to note the achievement of the Benefit Fraud investigation service and to give background to the future of the Fraud team.

LINK TO STRATEGIC COMPASS

The team contribute towards the Corporate Priorities by delivering value for money, integrity, a confident community, provides excellent customer service and manages public finances effectively.

Report status

This report is to note the achievement of the Benefit Fraud investigation service and seeks to highlight forthcoming changes under the Welfare Reform Act.

Route to Implementation

This report will be presented to the Audit and Governance Committee only.

1.BACKGROUND/INTRODUCTION

- 1.1 The Fraud and Visiting Partnership was set up in April 2008, bringing together the two teams from Maidstone and Tunbridge Wells Borough Councils. This has now been subsumed into a full Revenue and Benefits Partnership.
- 1.2 The primary role of the team is the prevention and detection of Housing and Council Tax benefit fraud and to work within the authorities Anti Fraud Strategy.
- 1.3 Tunbridge Wells Borough Council pays out £40 million in housing and council tax benefits to over 7600 households.
- 1.4 The Benefit Fraud and compliance team forms part of the Revenues and Benefits service and the staffing complement for the Partnership for the majority of 2012/13 comprised:

0.6 Benefit Security Manager

4.6 Investigators

1.0 Compliance officer

0.8 Clerical support

However for the last quarter of 2012/13 the staffing reduced to 2.6 investigators due to 1 FTE resignation and 1fte maternity leave. The 0.8 clerical support was also on maternity leave for the last 3 quarters.

1.5 The staffing cost to Tunbridge Wells Borough Council for 2012/13 was £71,472.00.

2. How Benefit Fraud is detected and the results from 2012/2013

- 2.1 Referrals are received from various sources, including data matching provided by the Department for Work and Pensions (DWP) against our systems and the National Fraud Initiative. 381 referrals were received for Tunbridge Wells Borough Council, and of these 247 were raised as investigations. The remainder were either passed to the compliance officer for non criminal, informal action or to DWP Counter Fraud service.
- 2.3 Results are measured on the number of sanctions applied (prosecutions, administrative penalties and cautions) and the monetary value of overpayments and weekly benefits savings.
- 2.4 In 2012/2013 there were 8 prosecutions, 5 administrative penalties and 3 cautions for Tunbridge Wells Borough Council. At the end of the financial year there were also 14 further identified prosecutions working their way through the legal system.
- 2.5 The total overpayments found valued £170,308.19. The Authority recovers this, in full, wherever possible and receive 40% subsidy from the DWP. Hence if the whole amount is recovered the claw back is 140%. The total face value of weekly benefit that ceased as a result of these cases was £3176.18. Historically the methodology used by DWP shows that, had it not been for the intervention, the fraud would have continued for a minimum of 32 weeks.

- 2.6 The face value weekly saving is multiplied by 32 to reflect a true saving to the public purse, thus making a total of weekly benefit saving of £101,637.76. The NFI SPD for which the fraud team were solely responsible found savings on Council tax of £98,608.54. The total monetary value of fraud found for Tunbridge Wells Borough Council is therefore £370,554.49.
- 2.7 The much larger scale exercise on Single Person Discount done on our behalf by Capita in early 2013 is yet to be finalised and results will be published at the next meeting.
- 2.8 Appendix B shows a comparison table of results against some other Kent authorities.
- 2.9 The Council have robust procedures to recover any overpayments of benefit and Administrative Penalties and the in year collection rate for benefit overpayments in 2012/2013 was 73.3%.
- 2.10 Fraud awareness training is delivered annually to front line Gateway staff, Contact Centre and assessors in an attempt to prevent fraud from entering the system. We cannot measure the success of this although the majority of our referrals do come from front line staff.

3. Publicity

- 3.1 Although the Council cannot publicise Administrative Penalties and Cautions, the cases that do go to court are highlighted in the local press, and on our website, wherever the press are prepared to accept our submissions.

4. The Future

- 4.1 It is expected that, if the implementation runs smoothly, the Welfare Reform Act and introduction of Universal Credit will impact on the Fraud Investigation team from 2014. The Department for Work & Pensions will be responsible for the administration of the new Universal Credit and the investigation of benefit fraud will transfer from the Council to a new Single Fraud Investigation Service that will also be operated by the Department for Work and Pensions.
- 4.2 The Audit Commission publication 'Protecting the Public Purse' addresses this future situation and recommends Councils are prepared to take steps to address the risks in new and emerging fraud risks, for example Business rates, Local Council tax Scheme, Social Fund, Tenancy to name a few. We have commenced a business case for MKIP to consider the feasibility of extending the Fraud shared service to include Swale BC who also has a small investigation team. It is hoped that would give us a resilient, experienced team to continue investigating the core functions of the Council and to carry out more pro active work instead of using private sector companies.

WHAT IS THE ISSUE THAT REQUIRES A DECISION AND WHAT DOES THIS MEAN FOR THE PEOPLE OF TUNBRIDGE WELLS?

- 5. A decision is not required as the report is for information only.

WHAT ALTERNATIVE ACTION COULD WE TAKE?

6. None. 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.

CONCLUSIONS

7. The report updates members on the 2012/13 results and demonstrates the success of the team, both locally and across the Partnership and the service continues to deliver an effective deterrent to fraud and protects the public purse from abuse.

RECOMMENDATIONS:

- 1) That the report be noted; and
- 2) That members be updated as soon as there are any developments around the Single Fraud Investigation Service.

Contact Officer: Sheila Daly, Benefit Security Manager 01892 554447

Name of Head of Service

Stephen McGinnes
Head of Revenues & benefits

Background Papers

NONE

APPENDICES TO REPORT

APPENDIX A - Cross Cutting Issues
APPENDIX B - Comparison stats