

## **Report to the Cabinet**

**Report reference: C-043-2014/15**  
**Date of meeting: 1 December 2014**



**Epping Forest  
District Council**

**Portfolio: Finance**

**Subject: Restructure of the Benefits Division**

**Responsible Officer: Janet Twinn (01992 564215).**

**Democratic Services Officer: Gary Woodhall (01992 564470).**

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### **Recommendations/Decisions Required:**

- (1) That Cabinet note the new national arrangements for investigating housing benefit fraud under the Single Fraud Investigation Service; and**
- (2) That Cabinet approve the revised structure for the Benefits Division set out in the report.**

### **Executive Summary:**

As part of the Welfare Reform Act, the responsibility for Housing Benefit fraud investigation will be transferring from all local authorities to the Single Fraud Investigation Service within the DWP. Although it has taken four years since the original announcement, we now know that this function within Epping Forest District Council will transfer on 1 October 2015. However, it is only the Housing Benefit fraud investigation function that will be transferred. Responsibility for Local Council Tax Support fraud investigation will remain with the Council.

In addition to investigating Housing Benefit fraud and Local Council Tax Support fraud, the current Benefit Investigation team do also assist in non-benefit related corporate fraud investigations, working with both Internal Audit and the Housing Tenancy Fraud Officers. A dedicated Corporate Fraud team is now being set up and is the subject of a further report to Cabinet. The Corporate Fraud team will however be investigating Local Council Tax Support fraud.

With the transfer of Housing Benefit fraud investigation to SFIS, and the creation of the Corporate fraud team, this has necessitated a reorganisation of the current structure of the Benefits Division. The current Benefit Investigation team have all been put into scope to transfer to the Department for Work and Pensions from 1 October 2015 but the transfer of this function from the Council has also created a new liaison function which will need to be resourced. There will be the opportunity for at least some of the current Investigation Officers to either work in the Corporate Fraud team or to remain within the Benefits Division in a compliance or liaison role. The revised structure will achieve potential full year savings of £134,030 in the Benefits Division.

### **Reasons for Proposed Decision:**

The main purpose of the Benefit Investigation team is to investigate Housing Benefit fraud and Local Council Tax Support fraud. As both of these functions are to be transferred to SFIS and Corporate Fraud, the structure of the Benefits Division needs to be reviewed.

## **Other Options for Action:**

To do nothing. However, if the Benefits Division is not restructured, there will be a lack of a management structure for some of the Benefit staff, the Council could lose income from failing to protect the tax base, and there will be no resource available to assist SFIS with the investigation of Housing Benefit fraud, resulting in a loss to the public purse.

## **Report:**

### Current Structure

1. The current structure of the Benefits Division is shown in Appendix 1. There are 2 Managers who report to the Assistant Director - Benefits and they each manage teams with various benefit administration functions. The Benefits Manager post is responsible for benefit assessment, benefit IT issues, training, appeals and overpayment recovery. The Investigations & Interventions Manager is responsible for Housing Benefit fraud investigation, Local Council Tax Support fraud investigation and the intervention team, whose responsibility is to carry out checks on existing claims to ensure that entitlement is accurate and that there have been no unreported changes in circumstances. The Interventions team also deals with any data matching referrals from the Housing Benefit Matching Service (HBMS) where data matching shows that there is a mismatch between data held by the DWP and the local authority. HMRC have also recently begun to send data matching referrals to each local authority which is referred to as RTI. This is using data from their Real Time Information initiative where they have identified possible mismatches on earnings between information declared to HMRC by employers and information provided by claimants for benefit purposes. In a 4 week period, we have been sent 118 possible mismatches which the Interventions team are dealing with. This is, however, a new function for that team.
2. The Assistant Director – Benefits, the Benefits Manager and the Investigations & Interventions Manager work closely together and ensure that there is always a Senior Manager available should any issue arise, and that at least one of them is a representative at any meetings. The two Managers will deputise for the Assistant Director – Benefits in her absence.
3. The Investigation team which is in scope to transfer to the DWP comprises the Investigation & Interventions Manager, the Senior Investigation/Prosecution Officer and 3 Investigation Officers. With the loss of the Investigation team, it will leave the Interventions team without a Manager and it will also result in the loss of one of the key Managers involved in the management of the Benefits Division.

### Proposed Structure

4. The proposed structure is shown in Appendix 2 and the new/changed posts will be subject to job evaluation. It is proposed to only make changes to the existing Investigations & Interventions team, and will be effective from 1 April 2015. Consideration has been given to the additional function that will need to be taken on by the Council for the liaison role with SFIS. It is clear from information already provided by the DWP and the experience of the pilot authorities for SFIS, that an Officer will need to be responsible for making referrals to SFIS and supplying all documents and information held by the Council that SFIS will need to carry out an investigation. This will also include any local knowledge as SFIS is a national organisation and the Investigating Officer is unlikely to have any knowledge of the District or the letting history or the landlords/agents that the Benefits Division has regular contact with. Referrals will also need to be made to the Corporate Fraud team, together with advice and information about the claim and the Local Council Tax Support scheme. That Officer will need to monitor progress of investigations by both SFIS and the Corporate Fraud team and to make decisions about Housing Benefit entitlement and Local Council Tax Support entitlement once the investigation is

concluded.

5. With regards to the various data matching exercises that are undertaken, this will still remain as a function for the Benefits Division and needs to be incorporated into the structure. Officers will need to look at the mismatches of data and carry out initial checking and then either correct claim data/entitlement or, where there has been an obvious untruth told by the claimant in order to obtain benefit to which they are not entitled, they will refer to either SFIS or the Corporate Fraud team (or both if both HB and LCTS are in payment) if it is considered to be serious enough to prosecute. It is proposed to create 2 Liaison Officer posts to ensure that there is always an Officer available to maintain liaison with SFIS and Corporate Fraud, and that any data matching work is also undertaken by these two Officers.

6. The current Appeals and Overpayments Officer post is vacant and this has provided the opportunity to reconsider this role. The Council has never received enough appeals or requests for reconsiderations for this post to be full-time dealing solely with appeal and reconsideration work. When the post was originally created, it was appropriate at that time to add the management of the Overpayment Officers to the duties, making it a full-time post. This has now been reconsidered and it is proposed to mix the appeal duties with compliance rather than overpayments. Whoever deals with appeals needs a very comprehensive and detailed knowledge of Housing Benefit and Local Council Tax Support, together with any case law relevant to the appeal. The new Appeals & Compliance Officer will consider appeals and reconsideration requests, provide appeal submissions to the relevant Appeal Tribunals, represent the Council at those Tribunals and manage the team of Compliance Officers. They will also deputise for the Benefit Compliance Manager in their absence. In the proposed structure, the current Overpayment Officers will report to the Senior Control & Training Officer.

7. Compliance is the checking and verification of information provided to support both Housing Benefit and Local Council Support applications. This is required not only upon the initial application, but also at regular intervals whilst claims remain in payment. There is a clear difference in the definition of compliance and fraud investigation and the compliance function which will remain the responsibility of the Resources Directorate, whilst the fraud investigation function will move to SFIS for Housing Benefit fraud and the Corporate Investigation team for Local Council Tax Support fraud investigation. In addition to checking Local Council Tax Support applications, the Compliance Officers will also be checking single resident discounts and empty homes discounts as part of protecting the council tax base. The Visiting Officers in the current structure do carry out compliance work so three of these will be retained in the new team as Compliance Officers. The fourth will take up one of the proposed liaison roles.

8. It is also proposed that there will be a Manager to replace the post of the Investigations & Interventions Manager and who will be able to support the Assistant Director and the Benefits Manager with the overall management of the Division and a representative of the Resources Directorate.

9. The Partnership working that the Essex Benefit Managers has been undertaking has secured the agreement of all Essex Section 151 Officers, Essex County Council, Essex Police and the Essex Fire Service to proceed with a business case to protect the Council Tax base. This was the subject of a separate report to Cabinet on 3 November 2014. Within the business case, it has been agreed for Epping Forest that there will be funding for two additional Compliance Officers whose role will be the checking of both Local Council Tax Support claims and Council Tax discounts, including single resident discounts and discounts on empty homes. It is proposed that these two posts will also be part of the new Compliance team but, as they will be 3 year fixed term contract posts, not permanent posts, they have not been shown in the proposed structure in Appendix 2.

10. With regard to the existing Investigation team, they will be transferred to SFIS from 1

October 2015, unless the Officers are appointed to a post either within the Corporate Fraud team or the revised structure for the Benefits Division. It has been agreed that they will remain within the Benefits Division until they are either transferred to SFIS or they take up other posts within the Council. These posts have also not been included in Appendix 2 as they will be deleted from the establishment from 1 October 2015.

### Cost of the New Structure

11. Subject to Job evaluation, the cost of the new structure is set out below.

Current establishment		£1,038,555
Less Investigations staff		(£174,490)
Additional		
Grade 6	£29,630	
Grade 9	£45,760	
Less		
Appeals/overpayments	<u>(£34,930)</u>	
Grade 7	£40,460	
		<u>£40,460</u>
Proposed establishment		£904,525
Potential full year Savings		£134,030

12. Overall, the difference in posts between the current structure and the proposed structure is a reduction of:

- 1 x Grade 8
- 1 x Grade 7
- 2 x Grade 6

13. The full year savings will only be achieved once the Officers of the existing Benefit Investigation team are either appointed to the Corporate Fraud team, appointed to posts within the new benefit establishment, or are transferred to SFIS from 1 October 2015.

### Conclusion

14. Whilst delivering savings to the Council, the proposed restructure of the Benefits Division will address the issues created by Housing Benefit fraud investigation moving to SFIS and Local Council Tax fraud investigation becoming the responsibility of the Corporate Fraud team. A restructure has also given the opportunity to look at protecting the Council Tax base by incorporating the compliance of Council Tax discounts into the duties of the Compliance Officers.

### **Resource Implications:**

The proposed restructure of the Benefits Division will create potential full year savings of £134.030. There is also the potential through the Compliance work to increase the Council Tax base through the removal of discounts to which taxpayers are no longer entitled.

### **Legal and Governance Implications:**

No specific implications.

**Safer, Cleaner and Greener Implications:**

No specific implications.

**Consultation Undertaken:**

Director of Resources  
Director of Governance  
Chief Internal Auditor

**Background Papers:**

Cabinet report 1 December 2014 regarding the Restructure of the Internal Audit Unit and Creation of a Corporate Fraud team.

Cabinet Report 3 November 2014 regarding Council Tax and Local Council Tax Support Compliance.

**Risk Management:**

Without a restructure, there is the risk that once the Corporate Fraud team is established, and SFIS takes over Housing Benefit fraud investigation, the Benefits Division will have no effective management structure which could lead to poor performance. The proposed structure is focused on protecting the council tax base which will bring increased income to the Council, income that would not be achieved without the proposed restructure.

# Due Regard Record

Name of policy or activity:

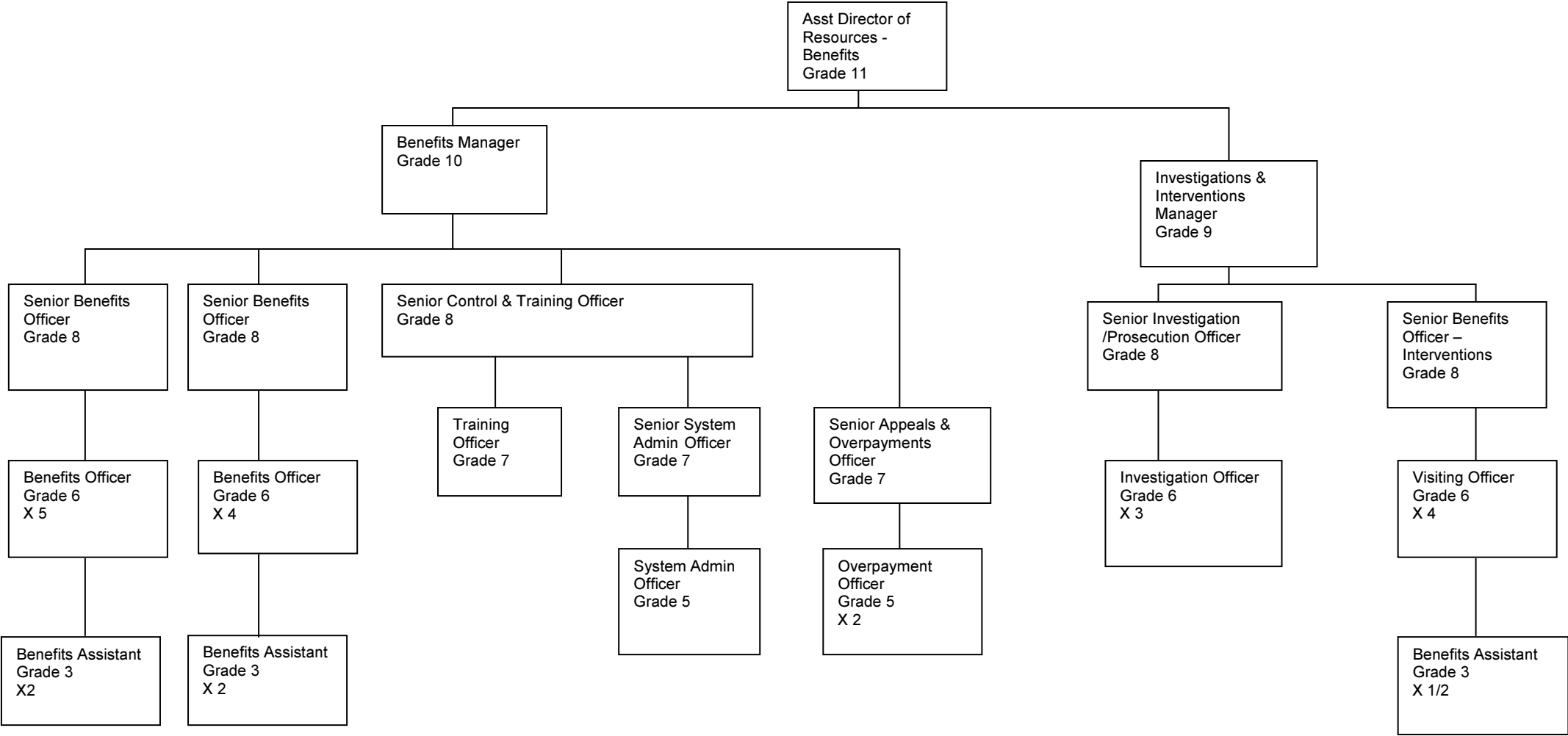
**What this record is for:** By law the Council must, in the course of its service delivery and decision making, think about and see if it can eliminate unlawful discrimination, advance equality of opportunity, and foster good relations. This active consideration is known as, 'paying due regard', and it must be recorded as evidence. We pay due regard by undertaking equality analysis and using what we learn through this analysis in our service delivery and decision making. The purpose of this form is as a log of evidence of due regard.

**When do I use this record?** Every time you complete equality analysis on a policy or activity this record must be updated. Due regard must be paid, and therefore equality analysis undertaken, at 'formative stages' of policies and activities including proposed changes to or withdrawal of services. This record must be included as an appendix to any report to decision making bodies. Agenda Planning Groups will not accept any report which does not include evidence of due regard being paid via completion of an Equality Analysis Report.

**How do I use this record:** When you next undertake equality analysis open a Due Regard Record. Use it to record a summary of your analysis, including the reason for the analysis, the evidence considered, what the evidence told you about the protected groups, and the key findings from the analysis. This will be key information from Steps 1-7 of the Equality Analysis process set out in the Toolkit, and your Equality Analysis Report. This Due Regard Record is Step 8 of that process.

<b>Date / Name</b>	<b>Summary of equality analysis</b>
3 November 2014 Janet Twinn	<p>The Council has approved the creation of a Corporate Fraud team to further develop and enhance fraud prevention and detection for the protection of the public purse.</p> <p>The recruitment of staff and the transfer of staff to SFIS will be in accordance with Council policies and procedures, together with the specific legislation recently enabled to allow the transfer of Local Authority staff to SFIS.</p>

EFDC - Benefit Division Establishment



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