

Report to the Resources Select Committee



Date of meeting: 7 February 2017

Subject: Benefits Fraud and Compliance Update

SCRUTINY

Officer contact for further information: Janet Twinn (01992) 564215



Committee Secretary: Adrian Hendry (01992) 564246

Recommendations/Decisions Required:

That the Committee notes the report on Benefits Fraud and Compliance

Executive Summary:

1. This report is to update Members on the work that is being undertaken to combat both Housing Benefit and Local Council Tax Support fraud and compliance.
2. Housing Benefit fraud investigation ceased to be the responsibility of the Council from 1 October 2015. The existing Investigation Officers at that time were transferred to the Single Fraud Investigation Service, part of the Department for Work and Pensions. The Council however, still remains responsible for the verification and checking of Housing Benefit applications. Local Council Tax Support is the Council's own scheme and therefore the Council remains responsible for Local Council Tax Support fraud and compliance.

Reason for decision:

To update Members on the current position relating to Housing Benefit and Local Council Tax Support fraud and the work that the Benefits Compliance team have been carrying out.

Options considered and rejected:

That Members are not informed of the fraud and compliance work being carried out in relation to Housing Benefit and Local Council Tax Support.

Report:

1. The Authority had known for some time that Housing Benefit investigation work was going to be transferred to the Department for Work and Pensions (DWP) from 1 October 2015 and had therefore restructured both the Benefits Service and the Internal Audit service to manage benefit compliance work and Local Council Tax Support fraud and compliance. A compliance team was set up in the Benefits Division to carry out reviews of both Housing Benefit and Local Council Tax Support applications and a Corporate Fraud team was set up as part of the Internal Audit Service.

2. Single Fraud Investigation Service

The Department for Work and Pensions advised of the procedure to be followed to refer claims to the Single Fraud Investigation Service (SFIS). Where there is a suspicion of Housing Benefit fraud, the Benefits Division makes an on-line referral to SFIS and a team within the DWP assesses the referral and decides whether it is worthy of being passed to an investigating officer, who could be based anywhere in the country. If they do not consider that it should be passed to SFIS, they decide whether the referral should be passed to their own

compliance team who will phone the claimant and ask some questions or, they could decide not to pursue the referral at all. If they decide to investigate, the investigating officer will contact the Authority and request that we send them all the documents associated with the claim. Unfortunately, the Authority is not advised which action is to be taken and, of the 37 cases that have been referred to SFIS since October 2015, there has been no further contact from SFIS. The only contact that we have had from SFIS in relation to requests for information and the reassessment of entitlement, are cases where the investigation has been instigated by SFIS.

3. When the Investigation Officers were transferred to SFIS, three of the Council's former staff were transferred to the DWP office in Harlow and one was transferred to Basildon. Any cases that those officers were investigating before the transfer, were transferred with them and these investigations have since been finalised. The staff that were transferred to the DWP office in Harlow, joined two former investigation staff from Harlow and the intention was that the team would investigate any cases in the Harlow and Epping Forest areas. The existing Investigation officers in the DWP covering that area, were all moved to the DWP's compliance team located elsewhere. Unfortunately, of that team of five that were transferred, there is currently only one officer left in the Harlow office, which may be a contributing factor as to why the referrals that are being made appear not to be investigated.

4. Benefit Compliance Team

The Benefits Division had anticipated that there would be difficulties with the service provided by SFIS and had restructured to ensure that the compliance team carried out more visits and interviews as well as some of the initial and in-claim checks that the Investigation Officers had previously carried out. This has proven to be very successful and has resulted in many decreases in benefit entitlement and withdrawals of claims where a claimant had either not advised of a change in their circumstances or had not declared information when they initially claimed.

5. The Compliance team reviews both Housing Benefit and Local Council Tax Support applications, either by asking for a review form to be completed, or by visiting or telephoning claimants and checking whether any of their circumstances have changed. The team is very proactive in visiting claimants and they will check that a claimant is actually resident, the household composition, and also relationships between occupants of the property. They also visit every claim where there is a tenant renting a room from a resident landlord as frequently the landlord and tenant are in a relationship or they are close relatives and therefore ineligible for Housing Benefit. Several claims have been withdrawn during visits when it is obvious that the circumstances are not what were originally presented to the Authority. The team works closely with the Council Tax section and will advise of any cases where they have identified that a council tax discount should be removed. They also work closely with the Benefit Overpayment Officers and have succeeded on several occasions in facilitating a quick repayment of an overpayment where they have identified an unreported change which has resulted in an overpayment.

6. The Compliance team are also undertaking enquiries into any data-matching mismatches notified to us by the Housing Benefit Matching Service, or any claims referred to us by HMRC where they have identified mismatches though their Real Time Information (RTI) system which gathers earnings information. Currently, there are mandatory RTI's which we have to action, but there are also optional RTI's where there is no obligation on the Authority to investigate. However, the Compliance team is looking at both mandatory and optional RTI's and recalculating entitlement as necessary. The HMRC intend to expand the RTI system and the Compliance team will then have on-line access to RTI information when required, instead of only being able to obtain information when the HMRC send a mismatch file. When this is available, it will help speed up benefit processing times in general as earnings details will be readily available to Assessment Officers.

7. In addition to checking new claims and ongoing entitlement, the Compliance team also

undertakes some welfare visits where the claimant may require assistance with claiming, or a check may be required to see if someone is exempt from the Removal of the Spare Room Subsidy where there is a disabled child or an overnight carer. If a concern is raised about any safeguarding issues, these are reported to the Corporate Safeguarding team. The team also make referrals to the DWP when they identify that a person may be entitled to other state benefits such as Personal Independence Payments, Attendance Allowance, Pension Credit etc.

8. Councils can impose a civil penalty when a claimant has not notified a change in their circumstances within a certain time period, or when they have not told us at all about a change. In a report to Cabinet on 5 November 2015, Members agreed that civil penalties should be introduced. The Benefit Compliance Manager has been imposing a penalty when it has been considered appropriate and since April 2016, 32 penalties have been created, raising £1,840 in income to the Authority.

9. Currently there are five officers in the compliance team. Details of the number of in-year checks that they have done between October 2016 and December 2016 are shown below.

	In-year checks	Decrease in Benefit	Increase in Benefit	No change
October 2016	241	141	15	85
November 2016	147	71	24	78
December 2016	144	81	16	47

In addition to the in-year checks during this period, the Compliance team have dealt with 40 visit referrals which resulted in the claims being withdrawn in 25% of cases.

10. The DWP has a Fraud and Error Reduction Incentive Scheme (FERIS) in which targets are set for Local Authorities to decrease Housing Benefit entitlement. The DWP measures performance quarterly and if the targets are exceeded, an incentive payment is made to the Authority. It has been found by the majority of Authority's that the targets are difficult to meet but the Compliance team did manage to exceed the target earlier this year which resulted in a payment of £11,678 to the Authority.

11. Corporate Fraud Team

The Corporate Fraud team are responsible for any investigation of Local Council Tax Support fraud which could lead to a prosecution. However, in view of the relatively small sums involved, a prosecution is not generally undertaken due to the high costs that are incurred in bringing a prosecution. The Benefit Compliance team therefore carry out enquiries themselves and do not refer many cases to the Corporate Fraud team. However, the Corporate Fraud Team did successfully carry out a prosecution for Local Council Tax Support fraud earlier in the year where the claimant had an undeclared second property.

12. The Benefit Compliance Manager does work quite closely with the Corporate Fraud team and, although the Compliance team undertake many checks themselves that previously the Benefit Investigation Officers carried out, it is only the Corporate Fraud Team that are able to carry out financial checks. The Corporate Fraud team therefore carry out the financial checks when requested. The Corporate Fraud Manager has also agreed to present training on Interview Techniques and Statement Taking which will help the Compliance Officers to improve their skills.

Consultation undertaken:

None

Resource implications:

Budget provision: Income from FERIS reduces the budgeted cost of the service

Personnel: Within existing budgets

Land: None

Community Plan/BVPP reference: N/A

Relevant statutory powers: N/A

Background papers: Cabinet Report 5 November 2015

Environmental/Human Rights Act/Crime and Disorder Act Implications: None identified

Key Decision reference: (if required)