

ANGUS COUNCIL

SCRUTINY & AUDIT COMMITTEE – 23 JUNE 2015

COUNTER FRAUD REVIEW TO 31 MARCH 2015

REPORT BY SERVICE MANAGER GOVERNANCE AND CONSULTANCY

ABSTRACT

This report provides background to the work of the Counter Fraud Team and summarises the activity undertaken by them in the year to 31 March 2015.

1. RECOMMENDATION

It is recommended that the Scrutiny and Audit Committee consider the contents of this report.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/ COPORATE PLAN

This report supports services in the delivery of all local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2013-2016.

3. BACKGROUND

The Single Fraud Investigation Service (SFIS) was established in 2014 bringing together welfare benefit fraud investigations undertaken by the Department for Work and Pensions (DWP), local authorities and HMRC. The responsibility for investigating allegations of Housing Benefit (HB) fraud in Angus transferred to the DWP on 1 May 2015. The responsibility for the investigation of the local Council Tax Reduction scheme and corporate frauds remains with the council, and, as part of the 2015/16 budget-setting process, the decision was taken to retain the Counter-Fraud Team (CFT) in-house.

The Counter Fraud Team (CFT) is a team of specialist fraud investigation officers, situated within the Governance & Consultancy Service in the Chief Executive's Unit. 2014/15 was a transition year for the team, who continued to investigate allegations of Housing Benefit (HB) and Council Tax Benefit (CTB) fraud, as in previous years. The team also investigated non-benefit fraud areas, such as Council Tax Reduction, Council Tax Discounts and Exemptions and tenancy irregularities, and carried out a data matching exercise to identify incorrectness in Council Tax.

The CFT has well established joint working arrangements with DWP. Moving forward the team will continue to have a key role as the DWP single point of contact dealing with the exchange of information between the organisations to investigate and sanction benefit fraud. The team also collaborates with other local authorities and the National Anti Fraud Network (NAFN).

4. OVERVIEW

The main features of CFT activity in the year to 31 March 2015 were:

- a) The continued investigation of HB/CTB fraud, generating £189,116 potentially recoverable overpayments. Overpayments of £33,038 were identified in relation to Council Tax discounts, exemptions and reduction.

- b) The undertaking of a data match between Council Tax Single Person Discount records and Electoral Roll lists, which identified £98,833 of incorrectly claimed discounts.
- c) The introduction of a wider range of other corporate fraud investigations in anticipation of the transfer of the responsibility HB investigations from 1 May 2015. Two housing tenancies were recovered and one Blue Badge was surrendered.

5. STATISTICAL SUMMARY

Table A below summarises the CFT activity and results in each of the three years to 31 March 2015. Further detail is contained in Appendix 1.

Table A: Summary Results

Description	2012/13	2013/14	2014/15
Referrals Received (Appendix 1, table A)	432	528	590
Cases Closed in Year (Appendix 1, table B)	425	559	588
Sanctions in Year (Appendix 1, table C)	30	14	4
HB / CTB Overpayments Identified (Appendix 1, table D)	£256,068	£190,938	£189,116
DWP Administered Benefits Overpayments Identified (Appendix 1, table E)	£120,180	£60,935	£35,214
Non Benefit Savings (Appendix 1, table F)		£22,217	£33,038
Data Match Initiative (Appendix 1, table G)			£98,833

5. CONCLUSION

The year to 31 March 2015 represented a successful transitional year for the CFT. They have effectively implemented the investigation of corporate fraud cases whilst also identifying significant HB/CTB overpayments. The data matching initiative identified £98,833 of incorrectly claimed Council Tax Single Person Discounts and a further electoral role data matching exercise will be undertaken during 2015/16. The CFT is also exploring the possibility of data matching in other areas.

The reduction in the number of benefit fraud sanction cases was largely due to the downturn in profitably worked joint investigations with the DWP and CFT resources being deployed in counter fraud activity that would remain the responsibility of the Council post 1 May 2015.

6. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report. Where overpayments are identified in the benefits/discounts paid by Angus Council the repayment of these results in recovered income for the Council. It is not however always possible to make full recovery.

7. EQUALITIES IMPLICATIONS

The issues contained in the report fall within an approved category that has been confirmed as exempt from an equalities perspective.

NOTE: No background papers, as defined by Sections 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.

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List of Appendices: Appendix 1 - Detailed Outcomes Tables

Detailed Outcomes Tables

Table A: Referrals Received by Source

Source	2012 /13	2013/ 14	2014/ 15
Benefit Enquiry Offices			
Arbroath	14	12	18
Forfar	33	23	20
Invertay House	43	38	47
Kirriemuir *	1	0	0
Montrose	32	23	7
Other			
Housing Staff	11	9	12
Invertay Liaison Staff	15	10	0
DWP Fraud Investigation Service	28	10	16
Fraud Drive	27	36	316
Fraud Team	1	1	1
Housing Benefit Matching Service	82	200**	57
Angus Council Fraud Hotline	29	32	15
Returned Post	1	14	9
National Fraud Initiative	12	21	7
Leaflet / On Line	103	94	56
Other	0	5	9
Total	432	528	590

* The Kirriemuir Benefit Enquiry Office is now closed.

** 128 of these cases received as a result of a data match error.

The table above includes referrals received for benefit allegations and also non benefit allegations, such as those relating to Council Tax Single Person Discount. The data does not assist in providing a year on year comparison as the work of the CFT team has changed significantly with the reduction in the number of benefit investigations and the increase in corporate fraud investigations.

311 of the 'Fraud Drive' referrals in 2014/15 relate specifically to the CT SPD to electoral roll data match.

Table B: Cases Closed in Year by Category

Category	2012/13	2013/14	2014/15
Fraud Proven	47	50	33
Council Tax Incorrectness	N/A	13	180
Incorrect Benefit *	68	45	36
No Fraud	87	142	219
No Investigation **	223	309	120
Total Closed	425	559	588

* Cases where incorrect benefit was in payment however the circumstances were not assessed as fraudulent.

** All referrals received are risked assessed using a risk matrix. Where the assessed risk score is low no investigation is carried out. This approach helps ensure the efficient allocation of limited CFT resources.

Table C: Sanctions in Year

Category	2012/13	2013/14	2014/15
Administrative Cautions	3	7	1
Administrative Penalties*	4	1	0
Referred to Procurator Fiscal	23	6	3
Total	30	14	4

* An Administrative Penalty is an additional financial penalty payable by the claimant as an alternative to referral to the Procurator Fiscal.

Table D: HB / CTB Overpayments Identified

Category	2012/13	2013/14	2014/15
	£	£	£
Income from other sources	3,038	21,351	12,437
Working and Drawing	44,945	35,200	17,111
Capital	66,822	21,058	13,307
Non Dependants	0	2,056	11,240
Living Together	131,691	78,423	110,089
Non Residence	3,013	30,739	24,932
Contrived Tenancy	0	246	0
Other	2,932	544	0
Failure to Report Other Benefits	3,627	1,321	0
Total	256,068	190,938	189,116

Table E: DWP Administered Benefits Overpayments Identified

	2012/13	2013/14	2014/15
	£	£	£
Income Support	83,644	18,813	17,158
Job Seekers Allowance/PC	26,254	19,348	9,679
Incapacity Benefit/ESA	10,282	22,774	8,377
Total	120,180	60,935	35,214

Table F: Non Benefit Savings

	2013/14	2014/15
	£	£
Council Tax Discounts	12,785	13,848
Council Tax Exemptions	2,731	8,649
Council Tax Reduction	6,701	10,541
Total	22,217	33,038

In 2014/15 successful corporate fraud investigations also included the recovery of 2 tenancies, compared to one the previous year. In addition one blue badge was surrendered and an employee was dismissed.

Table G: Council Tax Single Person Discount to Electoral Roll Data Match

Number of cases subject to an investigation	311
Cases closed with no change to CT	115
Cases closed CT error	166
Cases outstanding at 31 March 2015	30
Amounts identified as CT error	£98,833

The Audit Commission estimated that 4 – 6% of all Single Person Discount claims are fraudulent. The CFT carried out a pro-active initiative matching Council Tax Single Person Discount to the Electoral Roll in order to identify Council Tax fraud and incorrectness and also to improve the integrity of the Council's records.