

**ANGUS COUNCIL**

**SCRUTINY & AUDIT COMMITTEE – 26 AUGUST 2014**

**BENEFIT FRAUD INVESTIGATION**

**REVIEW TO 31 MARCH 2014**

**REPORT BY SERVICE MANAGER-GOVERNANCE**

**ABSTRACT**

This report provides background to the work of the Benefit Fraud Team and summarises the activity undertaken in the year to 31 March 2014.

**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 Benefit Fraud Team (BFT) is a specialist fraud investigation team situated within Internal Audit, part of the Governance Team within the Chief Executive's Unit.

The primary role of the BFT is to investigate allegations received by the Council of Housing Benefit (HB) and Council Tax Benefit (CTB) fraud. The BFT has well established joint working arrangements with the Department for Work and Pensions (DWP) and also collaborates with other local authorities and the National Anti Fraud Network (NAFN).

Section 46 of the Welfare Reform Act 2008 also allows Local Authorities to investigate certain national benefit offences in addition to Housing and Council Tax benefits. In practice, this is undertaken in conjunction with a wider HB/CTB investigation.

From April 2013 the team have also investigated Council Tax Reduction, Council Tax Discounts and Exemptions and tenancy irregularities.

The Council has over preceding years taken advantage of a number of national schemes designed to help strengthen the fraud investigation function. In particular, investigating officers are appropriately trained and qualified under the national Professionalism in Investigation Scheme (PINS) training scheme; have access to and utilise all the available intelligence / information gathering sources; and have systems designed to support the investigation process.

A number of forums to exchange and develop good practice in the area of counter fraud activity have been developed between partner agencies at both national and regional level. The Council is represented as appropriate at these forums and plays an active role in their activities.

#### 4. OVERVIEW

The main features of BFT activity in the year to 31 March 2014 were:

- 50 cases of proven fraud, 45 cases of non-fraudulent error, with a total of £190,938 HB/CTB and £60,935 DWP overpayments identified in the year to 31 March 2014.
- The successful introduction of non benefit investigation.
- The recovery of a tenancy for relet.

#### 5. STATISTICAL SUMMARY

Table A below summarises the BFT activity and results in each of the three years to 31 March 2014. Further detail is contained in Appendix I.

**Table A: Summary Results**

Description	2011/12	2012/13	2013/14
Referrals Received (Appendix I, table A)	711	432	528
Cases Closed in Year (Appendix I, table B)	742	425	559
Sanctions in Year (Appendix I, table C)	35	30	14
HB / CTB Overpayments Identified (Appendix I, table D)	£186,714	£256,068	£190,938
DWP Administered Benefits Overpayments Identified (Appendix 1, table E)	£75,997	£120,180	£60,935
Non Benefit Savings (Appendix 1, table F)			£22,217

#### 6. CONCLUSION

The year to 31 March 2014 represented another successful year for the BFT.

Prior to April 2013, the BFT's sole responsibility was the investigation of Housing Benefit and Council Tax Benefit. From April 2013, the team have also investigated, on a reactive basis, Council Tax Reduction, Council Tax discounts and exemptions and tenancy irregularities. They have also assisted with Internal Audit investigations into allegations of employee misconduct. The outcomes from these new areas of work are included in Table A above and detailed in Appendix 1, table F.

During 2013/14, there was a reduction in joint work with DWP, whose resources were focussed on a major initiative they undertook with Dundee City Council. This, together with the new areas of work for BFT, explains the reduction in sanctions and DWP overpayments identified during the year.

The date for the transfer of Housing Benefit fraud work from Angus Council to the DWP's Single Fraud Investigation Service has been confirmed as May 2015. Officers are currently considering the implications of this in terms of loss of experience and the impact on counter-fraud work.

#### 7. RISKS

This report does not require any specific risk issues to be addressed.

**8. FINANCIAL IMPLICATIONS**

There are no financial implications arising from this report. The repayment of Housing and Council Tax Benefit overpayments and the cancellation of incorrect Council Tax reduction, exemption or discount results in recovered income for the Council. It is not however always possible to make full recovery.

**9. HUMAN RIGHTS IMPLICATIONS**

There are no human rights implications arising from this report.

**10. 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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**Appendix I**  
**Detailed Outcomes Tables**

**Table A: Referrals Received by Source**

Source	2011/12	2012/13	2013/14
<b>Benefit Enquiry Offices</b>			
Arbroath	11	14	12
Forfar	19	33	23
Invertay House	73	43	38
Kirriemuir *	2	1	0
Montrose	21	32	23
<b>Other</b>			
Housing Staff	5	11	9
Invertay Liaison Staff	41	15	10
DWP Fraud Investigation Service	38	28	10
Fraud Drive	11	27	36
Fraud Team	1	1	1
Housing Benefit Matching Service	385	82	200**
Angus Council Fraud Hotline	24	29	32
Returned Post	0	1	14
National Fraud Initiative	9	12	21
Leaflet / On Line	66	103	94
Other	5	0	5
<b>Total</b>	<b>711</b>	<b>432</b>	<b>528</b>

\* The Kirriemuir Benefit Enquiry Office is now closed.

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

**Table B: Cases Closed in Year by Category**

Category	2011/12	2012/13	2013/14
Fraud Proven	66	47	50
Incorrect Council Tax	N/A	N/A	13
Incorrect Benefit *	86	68	45
No Fraud	112	87	142
No Investigation **	478	223	309
<b>Total Closed</b>	<b>742</b>	<b>425</b>	<b>559</b>

\* 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 BFT resources.

**Table C: Sanctions in Year**

Category	2011/12	2012/13	2013/14
Administrative Cautions	8	3	7
Administrative Penalties*	14	4	1
Referred to Procurator Fiscal	13	23	6
<b>Total</b>	<b>35</b>	<b>30</b>	<b>14</b>

\* 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**

<b>Category</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Income from other sources	34,793	3,038	21,351
Working and Drawing	47,402	44,945	35,200
Capital	41,666	66,822	21,058
Non Dependants	1,883	0	2,056
Living Together	48,492	131,691	78,423
Non Residence	3,719	3,013	30,739
Contrived Tenancy	768	0	246
Other	770	2,932	544
Failure to Report Other Benefits	7,221	3,627	1,321
<b>Total</b>	<b>186,714</b>	<b>256,068</b>	<b>190,938</b>

**Table E: DWP Administered Benefits Overpayments Identified**

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Income Support	53,154	83,644	18,813
Job Seekers Allowance/PC	22,843	26,254	19,348
Incapacity Benefit/ESA	0	10,282	22,774
<b>Total</b>	<b>75,997</b>	<b>120,180</b>	<b>60,935</b>

**Table F: Non Benefit Savings**

	<b>2013/14</b>
	<b>£</b>
Council Tax Discounts	12,785
Council Tax Exemptions	2,731
Council Tax Reduction	6,701
<b>Total</b>	<b>22,217</b>

\* One tenancy was also recovered.