

SUBJECT:	<i>Annual Fraud Report</i>
REPORT OF:	<i>Customer Services - Councillor Jonathan Rush</i>
RESPONSIBLE OFFICER	<i>Neil Berry Acting Head of Customer Services</i>
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WARD/S AFFECTED	<i>All</i>

1. Purpose of Report

This report is to advise the Audit Committee of the Anti- Fraud and Error reduction activity undertaken in 2018/19.

RECOMMENDATION

Members are asked to note and comment on the outcomes and comment on future activity.

2. Reasons for Recommendations

The report is for information only and no action is required.

3. Report

3.1 This report details the anti-fraud and error reduction activity completed during the 2018/19 financial year and the outcomes where appropriate.

3.2 The Revenues Fraud and Error Reduction Team is responsible for carrying out anti-fraud activity in relation to Housing Benefit and Local Council Tax Support. It also provides assistance to Internal Audit, and all other service areas providing the main resource for fraud and irregularity matters.

3.3 The Audit, Fraud and Error Reduction Manager in conjunction with the Internal audit contract manager provides Risk Management guidance and during 2018/19 is providing Risk Management and Anti- Fraud guidance to all of the councils middle management as part of the ongoing Middle Managers development programme.

Background

3.4 In 2018/19 Chiltern District Council awarded a total of £18,342,228 in Housing Benefit and £3,645,306 in Local Council Tax Support. With South Bucks District Council awarding £14,352,903 in Housing Benefit and £2,927,778 in Local Council Tax Support.

- 3.5 The Revenues Team carry out fraud prevention while making the schemes as accessible and customer friendly as possible. The Councils continue to operate a risk based verification process introduced October 2016 and reviewed on an annual basis. Claims are risked scored at the outset to identify cases require further checking of circumstances while allowing the more straightforward, lower risk cases to be processed without the burden of verification.
- 3.6 All applications are made by an online claim form, as part of the claim process once the claim is submitted instant background checks are carried out and this generates a list of verification requirements to be provided by the customer to support the application. The process does not entirely remove human intervention with officers using their knowledge and judgement to override the risk score and refer to the fraud team where the circumstances declared do not appear correct. The fraud team has then made more in depth inquiries and challenged the customers where appropriate preventing potential frauds entering the system.
- 3.7 For on-going benefit and reduction claims the Fraud and Error Team target cases based on known risk factors or as a result of information received from third parties, including HMRC, DWP and the general public to ensure claims are accurate and identify errors at the earliest opportunity.

4 Housing Benefit Fraud and Error

- 4.1 The Fraud Team provide support to the DWP's Single Fraud Investigation Service (SFISs). SFIS are responsible for the investigation sanction or prosecution of Housing Benefit and historic Council Tax Benefit frauds. The SFIS teams have no direct access to the councils Housing Benefit records requiring the councils Fraud Team to act as the main contact point, providing documentation, statements and decisions on benefit overpayments and agreements on the offer of Administrative Penalties.
- 4.2 A total of 75 cases were referred to SFIS for investigation. One completed prosecution, with a further 5 cases awaiting Court action.

SFIS Prosecution Outcomes			
Resident	Overpayment	Outcome	
Mrs W Chesham	£7, 380	3 Year Conditional Discharge. £20 victim compensation.	

(In addition to the above outcome the offender is subject to a loss of benefit Sanction of 13 weeks applied to the Benefits or Tax Credits that the applicant is receiving).

- 4.3 The fraud team also act as the main contact for the DWP's annual audit of Housing Benefit (Housing Benefit Review). 5 cases were selected and one case referred to SFIS Fraud team to carry out an Investigation (currently ongoing).

4.4 The above DWP audit feeds into national statistics to estimate the level of fraud and error within housing benefit. The latest estimated DWP statistics for 2018/19 are shown below with previous year's comparison and the equivalent figures for Chiltern and South Bucks.

Housing Benefit DWP Fraud And Error statistics.				
Year	Total Expenditure	Total Overpayment Percentage Rate	Fraud/Error	Official Error
2018/19	£20.8bn	6.40%	5.90%	0.50%
2017/18	£22.3bn	6.70%	6.20%	0.50%
Chiltern Fraud and Error Statistics				
Year	Total Expenditure	Total Overpayment Percentage Rate	Fraud/Error	Official Error
2018/19	£17.6mil	3.67%	3.29%	0.38%
2017/18	£18.3mil	2.77%	2.49%	0.28%
South Bucks Fraud and Error Statistics				
Year	Total Expenditure	Total Overpayment Percentage Rate	Fraud/Error	Official Error
2018/19	14.5mil	3.90%	3.68%	0.22%
2017/18	15.2mil	2.36%	2.23%	0.13%

4.5 To assist in identifying fraud and error within Housing benefit the DWP provide access to HMRC Real Time information. Prior to September 2018 this was provided as a list of cases identified on a monthly basis requiring the LA to consider and amend based on the RTI information provided. From September 2018 this changed to the LA accessing a dynamic risk based queue of cases identified and controlled by DWP. Each LA was provided with funding to process a reasonable number of the records made available by DWP with no specific target but activity monitored by DWP.

DWP funded:

- Chiltern DC £22,142
- South Bucks DC £14,160

The team reviewed 1018 cases using the above data.

4.6 DWP also required LA'S to target HB claims with declared Self Employed income and granted the following funding to assist with reviewing the Self Employed earnings.

DWP Funding:

- South Bucks DC £3,708
- Chiltern DC £6,294

A total of 166 claims were reviewed with 76 of the cases resulting in a reduction or cessation of Housing Benefit.

4.7 The fraud and Error Team carried out 24 investigations into both Housing Benefit and Council Tax Support issues. Although no cases suitable for further sanction the overall financial adjustments and recovery position is shown in the table below.

No of cases	Total weekly support	reduction in benefit or	Total overpayments identified	Overpayments outstanding
24	£1,682		£207,585	£101,080

4.8 The team also deals with individual DWP'S Housing Benefit Matching Service Referrals where data matching has identified a potential discrepancy.

5. Council Tax and Housing Fraud and Error.

5.1 The Fraud Team maintains close links with Paradigm Housing Association and provide investigative assistance with tenancy fraud issues. Two cases were referred for investigation and Paradigm recovered two tenancies. The value of recovered tenancies is estimated as £2,800 per case. This is based on the average cost of Bed and Breakfast placement. The council has preferred rights to nominate to the recovered tenancies.

5.2 The Fraud Team provide assistance to the housing team providing background check's and jointly interviewing customers to clarify discrepancies. As a result of this joint work two temporary housing placements have been terminated. The Fraud and Error team carry out residency checks on temporary accommodation placements to verify occupation and assist with housing debt recovery.

5.3 Both Councils take part in the bi-annual National Fraud Initiative and annual council tax Single Persons Discount data matching. The bi-annual exercise, which is hosted and managed by the Cabinet Office, is a mandatory requirement with the council submitting a variety of data to be matched against external data available to the cabinet office. To assist the targeting of resources the output is graded with priority matches identified. Work is ongoing with the matches. The current position on outcomes is shown below:

Outcomes for the last bi-annual data match exercise:

NFI General Matching Outcomes.	
Total Referred	1800
Total Actioned	346
Total value of outcomes	£4,776

NFI Single Persons Discount results to date:

NFI Single Persons Discount Outcomes.	Matching
Total Referred	2133
Total Actioned	1588
Total Value of Outcomes	£50,675

6. Team Development

- 6.1 The new fraud officer recruited to the team in July 2018 has completed an External training course obtaining accreditation as a Counter Fraud Technician.
- 6.2 The Audit, Fraud and Error Reduction Manager leads a regional “Fraud Group” A voluntary body of neighbouring authorities to share and discuss fraud issues and trends. The group co-hosts meetings with the similar Bucks Tenancy Fraud Forum to increase coverage across the fraud arena, meeting on a quarterly basis.
- 6.3 In partnership with Dacorum Borough Council the Fraud Manager provided Fraud Awareness training to a group of Kettering Borough Council officers. On-going discussions to provide further training to officers and members.

7. Options.

- 7.1 The Council has a duty to protect the local public purse and the Revenues Fraud and Error Reduction Team provide a resource for prevention, detection and recovery of fraud and irregularity.

8. Corporate Implications

- 8.1 The Fraud and Error Team are an integral part of the Revenues Service but provide a fraud investigation service across the Council.
- 8.2 For legal implications the Fraud and Error Team have external links with experienced criminal lawyers and will liaise and consult with our own legal services as and when required.

9. Links to Council Policy Objectives

- 9.1 Providing Cost Effective, customer focussed services. Ensuring that services are secure and identifying and recovering fraud and error overpayment.

Background Papers:	None
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