

MIDDLESBROUGH COUNCIL

COMMITTEE REPORT

CORPORATE AFFAIRS AND AUDIT COMMITTEE

29 May 2014

Fraud Prevention– Progress Report

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PURPOSE OF REPORT

1. To update Members on the Counter Fraud measures applied within the Revenues and Benefits Service and also the resources used to assist fraud detection.

BACKGROUND

2. The Benefit Fraud team have been employed by Mouchel Business Services since the inception of the partnership in June 2001. The nature of their work has changed significantly over this time in both the quantity of the investigations undertaken and also the reduced need to investigate certain types of fraud activity due to improvements in financial details provided by the Department for Work and Pensions (DWP).
3. On a national basis, a number of fraudulent claims were made by customers who failed to declare changes in their state benefits. As a result, the DWP introduced an automated system in July 2011 to inform Housing Benefit departments of changes in a customers Working Tax Credit at the same time that customers were told of their award. This was extended further in February 2012 to incorporate all state benefits. This therefore eliminated at source the possibility of customers failing to declare such changes and had a significant impact on the number of cases requiring fraud officer involvement.
4. In light of this, coupled with the continued reduction in funding provided by Central Government to administer the Benefit Service, the number of Investigation Officers was reduced by 1 full time officer in 2012 and 2013 , leaving 3 Investigation Officers in post. The nature of investigations were also reviewed in 2012 to concentrate on fraudulent claims which may result in a potential prosecution due to the level of any Housing Benefit or Council Tax Benefit overpayment as opposed to resource intensive operations which often resulted in relatively small returns.
5. Since 2012, the Benefit Fraud officers now routinely make an initial judgement call on the seriousness of the allegation and the likelihood of being able to prove fraud

beyond reasonable doubt. Although there has been a reduction in officers looking at fraudulent activity, the number of successful prosecutions has remained comparable when compared to those detected in 2011/12 (52 prosecutions in 2011/12, 46 prosecutions in 2012/13 and 40 prosecutions in 2013/14).

6. A further consideration which needs to be taken into account is that during 2011/12, this was the highest ever level of fraud detection within the Benefit Service. Any comparisons to that financial year therefore need to consider this in context.
7. The assessment of both Housing Benefit and Council Tax Support claims has also altered over the past 12 months. From this point, there has been a change in emphasis and customers are now asked to call into the benefit office wherever possible to make a new claim or report any changes in their circumstances. Anecdotally, this acts as a deterrent as customers are less likely to report a fraudulent change in their circumstances or make a new claim if they are seeing advisors face to face. During the period 1 April 2013 to 31 March 2014, 40,088 customers were seen by a benefit advisor therefore assisting the anti fraud measures put in place throughout the service.
8. Due to the Government's welfare reforms, in particular Universal Credit (which merges a number state benefits into one benefit), all Local Authority fraud teams are to transfer to the Single Fraud Investigation Service. Officers will become DWP employees and any fraud investigation will be undertaken by this team as opposed to the Local Authority. Middlesbrough has recently been informed that officers are to transfer in June 2015. The exact details of how the service will operate are still to be clarified.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

9. There are no specific financial or ward implications arising from the Fraud Prevention progress report.

RECOMMENDATIONS

10. Members are requested to:

- Note the current fraud procedures and the emphasis on identifying claims which may result in a prosecution
- Note the counter fraud activities also undertaken by the whole of the Benefit Service in trying to stop fraud entering the system at the outset of a claim
- Be aware that officers are to transfer to the Single Fraud Investigation Service in June 2015 which will mean that the Authority will have little influence on which claims are investigated from this date onwards

REASONS

11. The Council and Mouchel Business services both take the prevention and detection of fraud extremely seriously. The continued publicity of high profile cases

where fraud has successfully been proven should continue in order to deter any potential claims in the future.

12. Until officers transfer to the Single Fraud Investigation Service in June 2015, investigations will continue in respect of all potential fraudulent claims, with regular liaison with the Council's Legal department being undertaken if a prosecution is considered to be warranted.
13. As the Single Fraud Investigation Service commences its national roll out from October 2014, more information will become available in due course. Members will be kept informed of how the new service will affect the Authority when details are known.

BACKGROUND PAPERS

- No background papers were used in preparing this report

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