

FRAUD SECTION MONITORING REPORT: 2013/2014

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Why has this report come to the Audit and Governance Committee?

To report the outcome of fraud investigations for 2013/14.

To give an update on the current progress with the introduction of a Single Fraud Investigation Service.

Recommendations:

Audit and Governance Committee are asked to note the contents of the report.

1.0 FRAUD WORK 2013/2014

1.1 The Fraud section receives referrals of suspected fraud from a number of sources. The majority are from the Council's own Revenues and Benefits Section. Some referrals investigated are from the Housing Benefit Matching Service (HBMS). This is where an electronic download of our benefits system is matched against records held by the DWP and any mismatches are sent back for investigation. Other referrals come from the public in a variety of forms, including our web site and benefit fraud hotline.

1.2 The referrals received are assessed and prioritised for investigation, on a rolling basis. This financial year has, therefore, resulted in sanctions being applied from work started in the previous year. A summary of workload for 2013/2014 is shown below.

1.3 Caseload investigated 1 April 2013 to 31 March 2014 (2012-13 brackets)

Number of cases closed (after investigation):	192 (301)
Number of cases summonsed for prosecution:	15 (6)
Number of successful prosecutions:	8 (7)
Number of prosecutions found "Not Guilty"	1 (0)

Number of prosecutions rejected:	2 (0)
Number of Administrative Penalties (fines) given:	15 (13)
Number of Cautions given:	13 (29)

2.0 PROGRESS AGAINST TARGETS

- 2.1 The Department for Work and Pensions (DWP) have not set targets for this financial year but our results are still recorded and reported to them. To record ongoing progress we set our own targets based on the benefits live caseload and the previous statutory targets.
- 2.2 The sanction figures for Copeland are included with Allerdale and Carlisle and these exceeded the given target.
- 2.3 As a result of their investigations in this financial year, the Copeland fraud team has identified fraudulent overpayments of Housing and Council Tax Benefit of £228,192.11 (£157,009.41 2012-13). The Revenues and Benefits recovery team will pursue recovery of these overpayments. Through joint working with the Department for Work and Pensions, we also identified overpayments in relation to benefits administered by them.
- 2.7 Administrative Penalties amounting to £23,992.79 (£13,585.32 2012-13) were given to fraudulent claimants in this financial year. Many of these will incur a 50% excess charge. This is recovered in conjunction with the overpayments by a dedicated overpayments officer within the benefits section.

3.0 STAFFING ISSUES

- 3.1 The Fraud Prevention Team was part of the Shared Services project under Revenues and Benefits and the employing authority from 1st June 2010 is Carlisle City Council.

The section is now fully staffed under the new restructure of the shared service. There are now 2 full time fraud investigators in Copeland and 1 part time administrative support officer. However from 1st June 2014 one of the investigators will be on maternity leave for a year. The Fraud Team Leader is based primarily at Allerdale Borough Council, but works over the three sites.

- 3.2 Prosecutions are still handled by our Legal Section or, where there is a joint prosecution with the DWP, by the Crown Prosecution Service (CPS). There is currently 1 prosecution case with our Legal Section and this is due to be heard on 8th May 2014 and a further 3 cases with the CPS.

4.0 SINGLE FRAUD INVESTIGATION SERVICE

- 4.1 Slides are attached at **Appendix A** from a recent DWP presentation setting out the progress in establishing the service.
- 4.2 Further information on the definition of Fraud being used by the DWP has recently come to light (i.e. the DWP will only investigate fraud over £2000 in value) which will have further implications on the Council in resourcing the residual fraud service. The full implications on the Council will continue to be investigated and further information will be given to members as and when decisions are taken and the position is clarified.

5. RECOMMENDATIONS

- 5.1 Members are asked to note the contents of the report.



Department
for Work &
Pensions

Single Fraud Investigation Service Project Project Update

04 April 2014

Background

- Single Fraud Investigation Service will bring together the fraud investigation function for all welfare benefits (including existing DWP benefits, Tax Credits and Housing Benefit) within the Fraud and Error Service in DWP
- SFIS will deliver a single set of policies and procedures across the country and will offer a nationally flexible service
- Pilots have been operating across the country since early 2013
- The Autumn Statement in December 2013 announced that SFIS will be launched from 2014

Implementation

The Implementation Approach

- Phase 1 - Implementation to commence with a small number of sites in summer 2014 (the existing pilot sites, plus East Ayrshire & Blaenau Gwent)
- A break will then take place to evaluate the success and learn any lessons prior to full national implementation.
- Phase 2 - Implementation to re-commence in October 2014 and run for a further 18 months to March 2016. Detailed conversations with these sites are due to commence in May

Road shows

- A series of road shows to share progress with LAs are taking place 24 March – 8 May
- Every LA has been offered 2 places
- Separate Events will be held for the pilots and the early adopters
- Road shows will also have representation from DWP Fraud and Error Services, DWP HR, SFIS Project and HMRC

Phase 2 Implementation Plan

- The aim is to share the indicative roll out schedule with stakeholders by May 2014

Staffing

- The staff transfer mechanism that DWP will be using – Section 38 of the Employee Relations Act 1999 which provides the legal platform to transfer Contracts and Employment. A Statutory Instrument will be laid before Parliament to effect this.
- Pension rights do not transfer under TUPE or Section 38. However under COSoP the appropriate pension protection should be applied. Therefore transferring staff will join the Principal Civil Service Pension Scheme (PCSPS) on their first day with DWP. They will be given the option of transferring their previous pension service into the PCSPS, or leaving it with their current scheme until they are entitled to receive pension payments.
- The transfer of staff requires a consultation period – this started on 03 March 2014 and concludes on 14 April 2014. The draft Statutory Instrument has been shared with LA Chief Executives for comment.
- The transfer protects the rights of the employee and terms and conditions of employment will transfer. They can only be changed by negotiation and consent
- It is the responsibility of the LA/Contractor to identify employees in scope.

LG Funding

Additional LA Funding

- DWP has agreed a funding package to support the continued delivery of corporate fraud in LAs once SFIS is implemented. DWP is not responsible for funding Corporate Fraud in LAs
- The allocation of this funding will be agreed by DCLG & The Devolved Administrations

New Burdens Assessment for SFIS

- We have committed to produce a NBA for SFIS, we are initially looking at 2014/15 and then will look at subsequent years
- in respect of the 2014/15 we have
 - sent the NBA initial assessment to DCLG, the devolved administrations and LA Associations ,
 - we have asked that they share with appropriate people within their own areas and initial written comments have been requested.
 - A Practitioner Group is being commissioned to provide further stakeholder consultation

Recycling of LG Funding

- In the SFIS business case reference was made to funding being transferred from Local Government to DWP
- The main principle of these proposals are that the cost of staffing moves from LAs to DWP
- For 2014-15, no funding is recycled due to the transition period and minimum impact of SFIS live running nationally

All of the above are being discussed and finalised with DCLG, the devolved administrations and the LA Associations and then will be shared with all LAs