

Report to the Resources Select Committee

Date of meeting: 9 February 2016



Portfolio: Finance

Subject: Housing Benefit Fraud and Compliance

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Recommendation:

To note the current situation with regard to Housing Benefit fraud and compliance.

Executive Summary:

From 1 October 2015, the responsibility for the investigation of Housing Benefit fraud was transferred from the Authority to the Single Fraud Investigation Service which is part of the Fraud and Error Service within the Department for Work and Pensions. The report provides an update to the situation since the transfer of the responsibility. Responsibility for Local Council Tax Support fraud remains within the Authority and is investigated by the Corporate Fraud Team.

Reasons for Proposed Decision:

Members are asked to note the information contained in the report with regard to Housing Benefit fraud following the transfer of this responsibility to the Single Fraud Investigation Service.

Other Options for Action:

No other options applicable.

Report:

1. The Welfare Reform Act 2010 allowed for the introduction of the Single Fraud Investigation Service (SFIS) which brings together the responsibility for the investigation of various welfare benefits into one team managed by the Department of Work and Pensions (DWP). However, it was not until 2015 that Housing Benefit investigation work actually transferred to the Fraud and Error Service (FES) within the DWP. There was a roll out schedule with designated dates for each Authority to ensure that the transfer was carried out gradually during the year. The Essex Authorities all transferred either on 1 September 2015, 1 October 2015 or 1 November 2015, the date for Epping Forest being 1 October 2015.

2. It was not only the work that was transferred to FES but also the majority of the staff. Four of the existing Benefit Investigators were transferred to the DWP under TUPE like legislation. Three of these were transferred to the Harlow DWP office and the other was transferred to the

Basildon DWP office. The former Benefit Investigation Manager is now the Manager of the Council's Corporate Fraud Team and is the only member of the former Benefit Investigation team who remained with the Authority.

3. The procedure for now sending a referral regarding Housing Benefit fraud investigation is that a referral form is completed and emailed to a central FES team. From there, the FES team will assess the referral and decide whether to undertake any action and, if so, whether it should be looked at by the Compliance team of FES, or whether it should be investigated by SFIS. However, we are not advised of that decision and it is only if SFIS ask for further information and supporting documents that we know that some action is being taken. This could be weeks or months after we have sent the referral. We would not be made aware if they decide not to take any action, or if they refer it to their compliance team.

4. If a referral is passed to SFIS for investigation, it could be allocated to any SFIS team and would not necessarily be investigated by the SFIS team in Harlow. As they have no documents relating to Housing Benefit, we are requested to provide all the documentation that we have. However, this has proved problematic as we need to send the documents electronically but the DWP's IT system cannot accept the file size that we need to send. This has emerged as a problem for all Authorities which the DWP has not yet resolved.

5. Any investigation that had been commenced prior 1 October 2015 was transferred to SFIS and re-allocated to the Officer who had commenced the investigation. 31 cases in total were transferred. Of these 4 have been closed, prosecution proceedings are being taken for 3, a Pension Credit decision is awaited for 3, 2 have been referred to the Compliance team, 3 have been transferred to the SFIS teams at Braintree, Hoxton and Stevenage and therefore we have no knowledge of the position with the investigation, and the rest are ongoing investigations.

6. In order to mitigate the effects of the transfer of the Housing Benefit investigation work, a restructure of the Benefits Division was needed. A Compliance team was created to carry out initial enquiries and clarify/obtain information relating to applications for Housing Benefit/Local Council Tax Support, and Liaison Officer posts were created with part of their duties being the liaison point between the Authority and SFIS. There was always concern that we would not be kept informed of what was happening to any cases referred to SFIS and that we would have no control over which cases were investigated and when. It therefore has become necessary to make our own enquiries through the Compliance team and to make decisions based on the information that we could obtain. This has so far worked well. Claimants do have the opportunity to appeal any decisions if they consider that our decision has been based on incorrect information. Due to making our own enquiries, the number of referrals that we make to SFIS has therefore significantly decreased from the number of referrals that the former Benefit Investigation team dealt with. Since 1 October 2015, we have only made 9 referrals to SFIS and these have all been referrals relating to income for 'passport' cases. Passport cases are where Housing Benefit entitlement is based on the fact that the claimant receives either Income Support, Income based Job Seekers Allowance, Income related Employment and Support Allowance or Guaranteed Pension Credit. In order to change the Housing Benefit in these cases, we need a decision from the DWP withdrawing entitlement from the passported benefit and therefore there is little point in pursuing enquiries ourselves. In any other case, we have made enquiries ourselves and made a decision based on the information that we have obtained. Of the 9 cases that we have referred since 1 October 2015, we have had no information about where they have been allocated or even if they have been allocated yet. Requests for further information have been received in 17 other cases, none of which originated from a referral from this Authority. We will continue to monitor the requests for further information as other Essex Authorities are finding that this task alone is becoming a full time job for an Officer.

7. The Corporate Fraud Team have not carried out any investigations of suspected Local Council Tax Support fraud, but they have been able to obtain information for the Compliance

Team where the information can only be obtained by an Investigation Officer, eg. credit checks, police checks or original tenancy agreements from landlords/agents etc.

8. Traditionally communication with the DWP is difficult because their staff are frequently moved to different roles and/or offices. It is therefore not possible to build any relationship with regard to any particular project or work stream. Communication with the SFIS team in Harlow has been good with regard to the cases that were transferred, but only because three members of the former Benefit Investigation team are currently based there. However, two of those are now transferring out of the Harlow office which means that future communication may not be so effective.

9. The transfer of both the staff and the cases that were already under investigation went very smoothly and the measures that we have put in place for the Compliance team to carry out further checks seems to be working well. Our working practices have been changed to adapt to the lack of control over Housing Benefit fraud investigation and we will continue to monitor the situation and make further changes if necessary. However, it is too early to determine exactly how effective the transfer to a single fraud investigation service will be in reducing fraud in the Housing Benefit system in the future.

Resource Implications:

Provision has already been made in the budget. There are no additional resource implications

Legal and Governance Implications:

There are no legal & Governance implications.

Safer, Cleaner and Greener Implications:

There are no SCG implications.

Consultation Undertaken:

No consultation has been undertaken.

Impact Assessments:

Risk Management

The Council had no option other than to transfer Housing Benefit investigation to the DWP but because the decision to investigate rests solely on the information written on a referral form, there is a risk that claims that we know are fraudulent remain in payment. To mitigate this effect, referrals contain as much detailed information as possible. We have not however been able to mitigate the loss of the local knowledge and local contacts as the Authority has no control over which SFIS Officers carry out investigations in the Epping Forest District.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?

No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?