

## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Audit, Governance and Standards Committee  
16 June 2015

**From:** Executive Director and Deputy Chief Executive

**Subject:** **ANNUAL REPORT ON COUNTER FRAUD AND ANTI-CORRUPTION 2014/15**

All Wards

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### **1.0 PURPOSE AND BACKGROUND:**

1.1 The purpose of this report is to inform Members of the work that has been undertaken on Counter Fraud and Anti-Corruption during 2014/15.

### **2.0 WORK UNDERTAKEN:**

2.1 The work undertaken by the Housing Benefit Section and its structure is detailed in Annex 'A'.

2.2 The work undertaken on behalf of the Council by Veritau North Yorkshire Limited is of an unplanned or specific nature. During 2014/15 there were no items requiring investigation.

### **3.0 RISK ANALYSIS:**

3.1 There are no risks associated with considering this report.

### **4.0 RECOMMENDATION:**

4.1 It is recommended that Members note the Counter Fraud and Anti-Corruption work that has been undertaken during the year to 31 March 2015.

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**Background papers:** None

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**Annual Report on Counter Fraud and Anti-Corruption 2014/15****Statistical Information**

The investigations and compliance section had a busy 2014/15 with 3 cases proceeding to Court, all of which were found guilty and the administration of 9 Penalties and 6 Cautions.

We had 2 investigations which we worked with Trading Standards on to recover overpayments under the Proceeds of Crime Act. Case one is now complete and we received a total of £51,073.10 against a total overpayment for Housing and Council Tax Benefit of £48,905.85. The defendant was ordered to relinquish in excess of £88,000 from his undeclared capital.

Case two – the defendant has been ordered to repay the Council his overpayment of £4,802.35 within 12 months or face a custodial sentence.

This table shows the results for the team from investigation cases only with a comparison to 2013/14. In addition to those in the table below 7 cases are being prepared for legal action and 6 administration penalties/cautions have been given on cases investigated prior to the migration of Housing Benefit Investigations to DWP.

Sanctions have been given in relation to Council Tax Support claims

Allegations	Completed Investigations	Guilty prosecutions	Administration Penalty's	Formal Cautions	Overpayments £	Year
169	51	11	3	4	HB £142,586 CT £30,008	13/14
133	118	3	9	6	HB £191,330 CT £40,152	14/15

HB – Housing Benefit overpayments identified

CT – Council Tax Benefit overpayments and Reclaimed Council Tax Reduction amounts

Housing Benefit overpayments are recovered from either ongoing benefit or direct from the customer via an arrangement, reduction in Council Tax Support is recovered via the Council Tax liability process through the demand notices. Should a customer default on any arrangement further recovery action is taken, such as attachment to earnings or referral to enforcement agents.

**National Fraud Initiative (NFI)**

We have almost completed the 2012 exercise which identified 473 matches to be checked against our systems for fraud and error. From these matches, 11 cases were identified for investigation, 3 received sanction action, 1 was found guilty in court and another has been recommended for prosecution. Overpayments identified from the exercise to date total £34,380 (not included in the table above figures)

We have just commenced the sifting of the matches identified in the 2014 exercise.

## **Housing Benefit Matching Service**

The Council receives monthly matches which indicate that there are inconsistencies between the data we hold and that held with the Department of Work and Pensions (DWP) and Her Majesty's Revenues and Customs (HMRC), these matches are checked by compliance and either enquires are made to correct the data or an investigation will be opened.

We received 164 matches, there are still some outstanding, however, to date £19,400 of overpayments have been identified (not included in any of the above figures)

### **Update information going forward**

On 1 April 2015 responsibility for investigating fraud allegations for Housing Benefit transferred from Hambleton District Council (HDC) to the Department of Works and Pensions (DWP). Work in relation to investigating errors within Housing Benefit claims and investigation into Fraud and error in relation to Council Tax Support, Exemptions, Discounts and avoidance of Business rates etc. remains with HDC.

As the Fraud Investigation Officers chose to transfer to the DWP it has been agreed to appoint an investigator to conduct investigations into CT and Non Domestic Rates and interviews are due to take place on 27 May 2015 for a full time position until April 2016 when this position will be reviewed. As HDC remains the administrator for Housing Benefit claims, this role will also assist in the passing of information between HDC and the DWP in relation to Housing Benefit investigation work.

We are in the early stages of a project with Veritau investigations which is a proactive exercise into Council Tax fraud and error. We will be looking at incorrect claims for discounts, exemptions, and support within Council Tax and also incorrect claims for small business rate relief for Non Domestic Rates. To assist in identifying possible incorrect claims we will be matching data within our own departments and cross boundary with neighbouring Local Authorities.

As the Council is committed to ensuring that fraud and error is reduced, we are looking into methods for giving a strong message to customers on the importance of informing of changes in their circumstances on time and of providing correct information at point of claim or review. We are also conducting targeted reviews into claims which have a higher risk of being incorrect. Information continues to be received from Her Majesty's Revenues and Customs via the Right Time Information process which provides the most recent pay for customers, this is checked against their claim and any corrections or investigations taken where necessary.

### **Council Tax Reduction and Housing Benefit**

In April the Council Tax Reduction (CTR) scheme went into its second year with a reduction in the amount of a person's maximum CTR from 92.5% to 80%.

A new process was brought in, Risk Based Verification (RBV), which targets high risk claims where verification is requested to support the claim and reduces requests for information on low risk claims. This has assisted in reducing our backlog as it helped make the process of assessing new claims quicker.

A new structure came into force in May 2014 where the Benefit Manager took over a new role of Taxation and Benefit Manager, with three new Team Leader roles, Benefit Team Leader, Taxation Team Leader and Fraud and Recovery Team Leader, supported by the associated teams. Real Time Information (RTI) was introduced in October 2014 which involved files being transferred from HMRC. These files contained up to date information on claimant's wages all of

which required individual assessment by an assessor. This process is to help cut down fraud and error and reduces overpayments as changes are made to claims earlier.

February 2015 saw the introduction of Universal Credit (UC). Although administered by Department of Works and Pension (DWP) the Benefit Team provide personal budgeting and support. The team has dealt with 22 cases so far.

Throughout the year our Welfare Team have assessed claims for people that fall within the criteria for applying for a Discretionary Housing Payments (DHP). The main reasons for these applications were in relation to a shortfall in rent charged and benefit entitlement. The total number of awards that were made was 240 with a total expenditure of £82,550.

In the year 2014/15 the Benefit service has assessed 1,244 new claims, and calculated 15,571 changes in circumstances. We began to see a reduction in the backlog by October, previous performance was 27 days for new claims – target was 20 days, change in circumstances were 5 days which was within the target of 7 days. At end of March, the calculation of new claims was 15 days and change in circumstances 3 days.