

Agenda Item No:

Report to: Audit Committee

Date of Meeting: 21 January 2015

Report Title: Update on Counter-fraud bid outcomes and steps taken to mitigate non-benefit fraud

Report By: Tom Davies
Chief Auditor

Purpose of Report

To inform the Audit Committee on the results of the 2 counter-fraud bids.

Recommendation(s)

1. To note the report.

Reasons for Recommendations

As reported to the September 2014 Audit Committee, Hastings Borough Council's Housing and Council Tax Benefit Investigations Service transferred across to the Department for Work and Pensions Single Fraud Investigation Service (DWP SFIS) on 1 November 2014. At the time of that meeting, Hastings Borough Council was involved in 2 bids for counter-fraud funding and was waiting to learn the outcome of those applications. It was agreed at the September meeting that a report would be brought back to the committee on the results.

Both bids were successful. In addition, the Government has announced a further fund, Fraud and Error Reduction Incentive Scheme (FERIS) available to assist councils to combat fraud and error. This is subject to successful bid application.

Introduction

1. Hastings Borough Council is named on 2 successful counter fraud fund bids confirmed in Sir Bob Kerlake's November newsletter. These are 'Fighting Fraud in East Sussex' led by Eastbourne Borough Council and the 'Council Tax Reduction Review Service (CTRRS)' led by Pendle Borough Council. The amounts awarded over 2 years were £365,000 and £1,181,000 respectively.

Fighting Fraud in East Sussex Bid

2. The partners in this bid were; East Sussex County Council, Eastbourne Borough Council, Hastings Borough Council, Lewes District Council, Rother District Council and Wealden District Council.
3. The objectives of the partnership are to:
 - Establish and develop a co-ordinated approach to fighting fraud locally
 - Build local capacity to detect and prevent fraud
 - Focus on identified vulnerable areas
4. The partnership is looking to target investigation in East Sussex in the following areas:
 - Council Tax discounts
 - Non-Domestic Rates
 - Social Housing
 - Right to Buy
 - Procurement
 - Insurance
 - Economic and third sector
 - Blue badge abuse
 - Internal fraud
5. Governance arrangements for the fraud partnership hub are still being determined. Hastings Borough Council's requirement is for access to sufficient resources where it needs to perform an investigation in to non-benefit fraud, for example, Council Tax Reduction, to the Criminal Procedure and Investigations Act (CPIA) 1996 standard.
6. Hastings Borough Council expects to benefit from occasional training and fraud awareness campaigns organised by the 'Fraud Hub'.

7. Details of the Fighting Fraud in East Sussex bid can be found at appendix A.

Council Tax Reduction Review Service (CTRRS)

8. This project is a partnership consortium between 13 local authority members and 2 private sector suppliers. The bid was put together following a group of Council Tax managers getting together and was led by Pendle Borough Council.

9. The key objective is to protect the public purse by targeting fraud and error within the Council Tax Reduction caseloads of local authorities by applying sophisticated data matching and analytics.

10. The proposed outcomes include:

Significantly reducing the levels of fraud and error in Council Tax Reduction schemes

Ensuring the vulnerable are protected

Applying risk based targeting of interventions

11. Details of the Council Tax Reduction Review Service bid can be found at appendix B.

Fraud and Error Reduction Incentive Scheme (FERIS)

12. FERIS is an incentive scheme that offers a financial reward to local authorities that find reductions to Housing Benefit entitlement as a result of claimant error or fraud. FERIS will run from 1 December 2014 to 31 March 2016. You will need to opt into the scheme in order to qualify for FERIS payment. However it is for each local authority to decide how best they can identify additional changes to entitlements resulting from fraud and error. Up to £12 million is being made available to local authorities in incentive payments for 2014/15. The level of payment for 2015/16 will be confirmed at a later date.

13. The Department for Work and Pensions are also pleased to announce that up to £9 million of Performance Improvement Funding is being made available for local authorities to bid for in order to support them with this activity.

14. Councils have been invited to apply for funding by 30 January 2015.

Summary

15. As a result of the 2 known bid outcomes, Hastings Borough Council should begin to receive smart referrals for non-benefit fraud and have the facility to further investigate them.

16. If we are successful with a bid for FERIS funding, this will assist with driving down Housing Benefit claimant error or fraud. Hastings Borough Council has arrangements in place with a Single Point of Contact based in Rother District Council for Housing Benefit referrals and the Department for Work and Pensions Single Fraud Investigation Service.

Wards Affected

None

Area(s) Affected

None

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No

Background Information

Appendix A - Fighting Fraud in East Sussex bid

Appendix B - Council Tax Reduction Review Service bid

HB Circular A17/2014: Fraud and Error Reduction Incentive Scheme - Guide for Local Authorities

Officer to Contact

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