

EAST RENFREWSHIRE COUNCILAUDIT AND SCRUTINY COMMITTEE6 April 2017Report by ClerkNATIONAL EXTERNAL AUDIT REPORTHOUSING BENEFIT FRAUD INVESTIGATION LIAISON
ARRANGEMENTS IN SCOTLAND**PURPOSE OF REPORT**

1. To provide information on the Audit Scotland report on *Housing Benefit Fraud Investigation Liaison Arrangements in Scotland*.

RECOMMENDATION

2. It is recommended that the Committee considers the report.

BACKGROUND

3. A copy of the Audit Scotland report on *Housing Benefit Fraud Investigation Liaison Arrangements in Scotland*, published in December 2016, has already been circulated to all Audit and Scrutiny Committee Members. The Members who are leading the review of this particular report are Councillor Wallace and Councillor Robertson. In accordance with arrangements established by the Committee for dealing with such reports, the Head of Business Change Services and Revenues has provided comments on it. A copy of the feedback is attached (see Appendix 1).

RECOMMENDATION

4. It is recommended that the Committee considers the report.

Local Government Access to Information Act 1985

Report Author: Linda Hutchison, Clerk to the Committee (Tel.No.0141 577 8388)
e-mail: linda.hutchison@eastrenfrewshire.gov.uk

Background Papers:-

1. Audit Scotland Report on *Housing Benefit Fraud Investigation Liaison Arrangements in Scotland*.

BLANK PAGE

National External Audit Report: A Review of Housing Benefit Fraud Investigation Liaison Arrangements in Scotland

Comments for Audit & Scrutiny Committee on 6 April 2017

Prepared by Head of Business Change Services & Revenues

March 2017

INTRODUCTION

1. This paper aims to provide high level comments on the Council's position regarding the Accounts Commission report "A Review of Housing Benefit Fraud Investigation Liaison Arrangements in Scotland".

BACKGROUND

2. In December 2016 the Accounts Commission published the above paper which provided findings on the efficacy of arrangements between councils and the Department of Work and Pensions (DWP) in relation to Housing Benefit counter-fraud work, which transferred from councils to the DWP between 2014 and 2016.

3. In December 2015, East Renfrewshire Council transferred 3.5 members of staff to DWP's Single Fraud Investigation Service (SFIS), now known as the Fraud and Error Service (FES). FES conducts single welfare benefit fraud investigations to one set of policies and procedures for all councils.

4. Our counter-fraud arrangements are assessed as part of Audit Scotland's Housing Benefit risk assessment process and the outcomes of this have been reported regularly to Audit and Scrutiny Committee, most recently in November 2016.

COMMENTS

5. The Accounts Commission report outlines current arrangements for liaison between FES and the Council. In line with good practice, East Renfrewshire Council retained a single point of contact (SPOC) for referral of cases to FES based on a service level agreement. A number of areas of existing work remained council responsibility. These include council tax reduction cases, council tax discounts and matches produced by the housing benefit matching service via Real Time Information (RTI) and also as part of the 2016/17 National Fraud Initiative (NFI) exercise.

6. Cases over £2,000 in value are referred to FES Local Service Investigation and, for those under this limit, the FES (non-criminal) compliance unit deals with these, albeit with more restricted powers than FES. The Council deals 'in house' with recovery of housing benefit overpayments, performance on which is reported regularly.

7. Paragraph 24 of the report discusses a questionnaire issued to all councils in June 2016 to assess the effectiveness of the liaison arrangements between councils and FES. East Renfrewshire submitted a response to this and highlighted that 9 cases had been referred to FES at that point.

8. There are good arrangements in place for liaison between the Council and FES; for example a number of key staff in Revenues will receive refresher training on counter fraud procedures from the DWP. There have been a few technical issues that have made information sharing quite challenging, including a restricted file size restriction at FES which has made emailing case details quite cumbersome, but this is being worked on jointly across

the agencies. Our issues concur with those experienced by other councils, as outlined in paragraph 33 of the report.

9. Our liaison officer attends quarterly meetings with other councils' liaison and fraud officers, although we were unaware of some of the specifics mentioned in the Accounts Commission's report (e.g. FES Seminar and HB Fraud Issues Progression Group – paras 26/27) and as a result we have now made arrangements to follow up on such opportunities and ensure that the Council is appropriately included.

10. The Service Level Agreement with FES is currently under review (in line with the report's recommendation at paragraph 48) and will include a sharper focus on FES performance indicators to ensure that we are getting the appropriate level of service and regular liaison contact, particularly around the indicators outlined at paragraph 44. The 4 key indicators that councils should be monitoring have now been included in our service plan for 2017/18. It should however be noted that our case volume is very low, with 34 referrals to FES in 2016.

CONCLUSION

11. The Account's Commission's report is a timely review of the efficacy of the arrangements between Scotland's councils and the DWP's Fraud and Error Service. East Renfrewshire Council has established the appropriate arrangements for engagement with this new agency and has participated in liaison activity and the survey work that informed this report. We recognise the need for many of the improvement actions outlined in the report and would in particular welcome a sharper focus on key performance indicators and availability of management information in this area. We will continue to work with FES to ensure a sound focus on reducing housing benefit fraud and will report regularly to elected members on progress in this area through our updates on the externally audited housing benefit risk assessment.

Comments from:-
Louise Pringle, Head of Business Change & Revenues

20 March 2017

BACKGROUND

- National External Audit Report: Benefit Performance Audit Annual Update 2015/16 and Local External Audit: East Renfrewshire Council Audit of Housing Benefit Risk Assessment Report, Comments for Audit & Scrutiny Committee, 10 November 2016
- Continued Delivery of Housing Benefit, Letter to Chief Executive from Clare Elliot, Deputy Director of DWP Housing Division, 15 September 2016
- Housing Benefit Performance Audit – Outcome of Risk Assessment, letter to Chief Executive 27 July 2016
- Welfare Reform Contingency Fund & Update on Welfare Reform, Council 15 June 2016
- Collection of Council Revenues – Debt Recovery Policy, Cabinet 16 June 2016
- National External Audit Reports: Benefits Performance Audit Annual Update 2014/15 and Review of Activity to Reduce Fraud and Error in Housing Benefit, Audit & Scrutiny Committee February 2016