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06 July 2007

To: All Members of the Audit Committee

Dear Councillor,

Audit Committee - Tuesday, 10th July, 2007

I attach a copy of the following report for the above-mentioned meeting which was not available at the time of collation of the agenda:

9. PROGRESS REPORT ON COUNTER FRAUD ACTIVITY RELATING TO HOUSING BENEFIT AND COUNCIL TAX BENEFIT : (PAGES 1 - 4)

- To advise and update Members on the Counter Fraud performance of the Benefits and Local Taxation Service from 1 April 2007 – 30 June 2007 and of the progress of Pathfinders.

Yours sincerely

Clifford Hart
Non-Executive Committees Manager

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Audit Committee
On 10th July 2007

Report title: **Progress Report on Counter Fraud Activity Relating to Housing Benefit and Council Tax Benefit.**

Report of: **The Interim Director of Finance**

Ward(s) affected: All

Report for: Information

1. Purpose

- 1.1 To advise and update Members on the Counter Fraud performance of the Benefits and Local Taxation Service from the 1st April 2007 – 30th June 2007.

2. Recommendations

- 2.1 That Members consider and note this report and the work being carried out by the Benefits and Local Taxation Service in relation to Counter Fraud activity.

for
Report authorised by:

Gerald Almeroth

INTERIM DIRECTOR OF FINANCE

Kevin Bartle (Signature)

KEVIN BARTLE
ACTING HEAD OF CORPORATE FINANCE

Contact Officer: Tim Fisher

Designation : Deputy Head of Benefits and Local Taxation

Telephone: (020-8489-1954)

3. Executive Summary - N/A

4. Reasons for any change in policy or for new policy development - N/A

5. Local Government (Access to Information) Act 1985

6. BACKGROUND

- 6.1 As with previous year's Counter Fraud Performance is primarily judged against successful outcomes in respect of Prosecutions and Sanction based activity. Fraud Staff are empowered to investigate suspected benefit fraud and have a range of sanctions that can be applied to those who admit to fraud or where there is sufficient evidence to warrant a prosecution.
- 6.2 The Department for Work and Pensions (DWP) judges the effectiveness of local authority administration of the Housing Benefit/Council Tax Benefit (HB/CTB) system through the Performance Standards. This contains 19 specific Performance Measures, and a range of 65 enablers. These cover four areas of HB/CTB administration; claims administration; security; user focus; resource management. There have been changes to the Security Measures, with the emphasis on increasing accuracy and reducing the level of overpayments.
- 6.3 During May 2007 the DWP's Benefits Fraud Inspectorate undertook an inspection of the Benefits and Local Taxations Counter Fraud arrangements and performance. The final report has yet to be received, although it is expected that this will confirm that performance is good but will identify areas for improvement.

7. COUNTER FRAUD ACTIVITY

- 7.1 Performance of the Fraud Investigation Team for the first quarter of 2007/08 is summarised in table 1. The Team has an annual target of 126 prosecutions and sanctions, no individual targets have been set for prosecutions, admin penalties and cautions. The new target represents a 12.5% increase over last years performance target .
- 7.2 Performance against the target for the quarter is under profile. It is anticipated that this will significantly improve over the coming months and the Fraud Team will achieve the target by the end of the year.
- 7.3 Currently, investigators have a sufficient number of good quality investigations underway which are likely to yield prosecution and sanction outcomes and bring performance closer to profile by the end of the 2nd quarter .

Successful outcomes for 1st quarter 2007/08

Sanction Type	Number Issued	Target	Status
Cautions	6		Accepted
Admin Penalty	5		Accepted
Prosecution	2		Guilty
Total	14	31	

Table 1

8. PERFORMANCE STANDARD MEASURES - SECURITY

- 8.1 In addition to counter-fraud activity the Benefits and Local Taxation Service is required to comply with the DWP's other Performance Standard measures. As previously reported there has been a change to the Security aspect of the Performance Measure to include a measure to count the number of reductions in benefit paid.
- 8.2 The Security module of the Performance Standards contains 3 assessed Performance Measures that are used to score the effectiveness of the Benefits and Local Taxation Services security performance.
- 8.3 A breakdown of these targets are contained in table 2 below –

Performance Measure (PM)	Description	Target
PM10	Number of reductions in benefit for the year	30090
PM11	% of data-matches resolved within 2 months	90%
PM16	Number of successful sanctions per 1000 caseload	3.4

Table 2

- 8.4 Current performance against PM10 is contained in table 3 below –

Reporting Date	Estimated performance	Total HB/CTB Reductions
5/4/2007	Y	310
10/5/2007	N	2720
7/6/2007	N	1427
TOTAL		4457

Table 3

- 8.5 Based on the above performance it can be estimated that the Benefits and Local Taxation Service could be expected to achieve approximately 26,747 reductions in HB/CTB during 2007/08. Against the DWP target of 30,090 this would represent 88.87% which would attract a Performance Standard score of 2 (fair).
- 8.6 Performance against PM11 currently achieves a 100% of all data matches resolved within 2 months. Performance against PM16 currently stands at 1.5 sanctions per 1000 caseload.

9. BENEFIT FRAUD INSPECTORATE

- 9.1 The Benefits Fraud Inspectorate (BFI) concluded a two week inspection of the Benefits and Local Taxation Service and whilst a number of areas for improvement were identified, no major problems were raised. Importantly, the inspection confirmed that BLT provided a 'good' service under the CPA requirements.
- 9.2 The BFI will provide the Benefits and Local Taxation Service with a draft report during July, this is expected to raise 5 key issues –
1. Restructure the Fraud Team following the end of the Pathfinder initiative
 2. Fill the existing Fraud Manager and Investigator vacancies
 3. Do more to raise the internal and external profile of the Fraud Team
 4. Improve the internal communication links and continue to build up working links with the DWP.
 5. Ensure that a regular program of Fraud Awareness training and Document Verification is provided to appropriate staff
- 9.3 On receipt of the final report The Benefits and Local Taxation Service will develop a formal action plan to meet the BFI recommendations and will work closely with other stakeholders to address the relevant issues raised by the BFI.