

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

Report of: **The Chief Financial Officer**

**Ward(s) affected:** All

**Report for:** Information

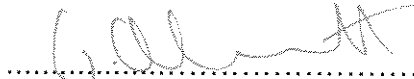
### 1. Purpose

- 1.1 To advise and update Members on the Counter Fraud performance of the Benefits and Local Taxation Service from the 1<sup>st</sup> July 2008 – 30<sup>th</sup> September 2008.

### 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.

Report authorised by:  
Gerald Almeroth  
Chief Financial Officer

  
.....(Signature)

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**Designation :** Deputy Head of Benefits and Local Taxation

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3. **Executive Summary** - The Benefits and Local Taxation Service continues to maintain and further develop an effective approach to counter – benefit fraud activity. It has achieved 34 successful sanctions against those found to be committing benefit fraud during quarters 1 and 2 2008/09

### 4. Reasons for any change in policy or for new policy

### 5. Local Government (Access to Information) Act 1985 –

The background working papers are located within the BLT Fraud Section, 10 Station Rd, Wood Green. The BFI Report was published in October 2007 and is available on the internet under [www.bfi.gov.uk](http://www.bfi.gov.uk)

## 6. BACKGROUND

- 6.1 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 Council has adopted an Anti - Fraud and Corruption Strategy relating to Housing Benefit and Council Tax Benefit. This specifies the type of activities which underpin effective counter fraud activity.

## 7. COUNTER FRAUD ACTIVITY

- 7.1 Performance of the Fraud Investigation Team for the second quarter of 2008/09 is summarised in table 1.

### Successful outcomes for 2nd quarter 2008/09

Sanction Type	Number Issued	Target	Status
Caution	5		Accepted
Admin Penalty	4		Accepted
Prosecution	1		Guilty
<b>Total</b>	<b>10</b>	<b>31</b>	

Table 1

- 7.2 A more detailed breakdown of cases forwarded for prosecution and sanction is included in appendix 1 of this report. This gives details of the type of fraud discovered. Each decision to prosecute or administer a sanction is taken in accordance with the Sanctions Policy. This takes a range of factors into account when determining what appropriate sanction to apply, particularly the level of planned dishonesty involved.
- 7.3 Performance during quarter 2 is below what was expected for this period. This was primarily due to the Department for Work and Pensions earlier decision to suspend Housing Benefit Matching Service (HBMS) referrals. These resumed in June 2008 but because of data de-encryption problems these only became available in September. The Fraud Team are now actively sifting these referrals and identifying appropriate cases for investigation.
- 7.4 During this period the Fraud Team have also worked on a number of cases where a prosecution has been deemed appropriate. At least 7 cases have been referred to Legal Services for a summons to be issued.
- 7.5 The Benefits and Local Taxation Service has set an annual target for of 126 sanctions for 2008/09. Performance to-date is below profile, however the resumption of HBMS referrals and other planned activity should enable the Fraud Team to recover it's performance over the remainder of the year.

7.6 Performance for the year to-date is contained in table 2 below -

**Successful outcomes for year to-date (2008/09)**

Sanction Type	Number Issued	Target	Status
Caution	18		Accepted
Admin Penalty	11		Accepted
Prosecution	5		Guilty
<b>Total</b>	<b>34</b>	<b>63</b>	

Table 2

## 8. OVERPAID HOUSING BENEFIT

- 8.1 To date the counter fraud activity has identified £499,835 in overpaid benefit and a further £13,075 in Administrative Penalties. Central government subsidy paid in relation to overpayments is at a rate of 40p to the £1.00 or 40%. Consequently, it can be estimated that £199,934 has been generated in subsidy, this effectively results in a 60% shortfall against benefit expenditure.
- 8.2 The subsidy arrangements are designed to incentivise local authorities to recover overpaid Housing Benefit. Currently, recovery performance in relation to all in-year created overpayments is approx 55%. Based on this figure the potential recovery of overpaid Housing Benefit arising through fraud could amount to £274,909.
- 8.3 When combining subsidy paid, plus recovered overpayments for the year it is estimated that counter fraud activity could recover in the region of £474,843.

## 9. ANTI-FRAUD AND CORRUPTION STRATEGY

- 9.1 The Council's Anti-Fraud and Corruption Strategy – relating to Housing Benefit and Council Tax Benefit is published on the Council's website, along with the Sanctions Policy and advice on how to refer suspected cases of benefit fraud.
- 9.2 The Anti-Fraud and Corruption Strategy outlines the types of activities the Council will use to both detect and prevent benefit fraud. Since April 2008 the Benefit and Local Taxation Service has re-focussed activities to remind benefit claimants of the importance to report changes in their circumstances to ensure that the right benefit is being paid.
- 9.3 The Council's Benefits and Local Taxation Service has undertaken a range of activities to promote the message that claimants must 'Keep Us Informed' of their circumstances. Activities include –
- Writing to claimants where there is a predicted change
  - Pro-actively using trusted data from information systems to up-date claimants details without waiting for customer notification
  - Introduction of an information leaflet for customers explaining the importance of reporting changes
  - Partnership working with the Royal Mail and Pension Service

- Re-writing of Customer Services scripts to remind claimants of the need to report changes
  - Introduction of a simplified form for claimants to report changes
- 9.4 The Benefits and Local Taxation Service is also reviewing the types and levels of evidence required to support the assessment of benefit claims. Of importance is the need to ensure that the gateways to claiming Housing Benefit and Council Tax Benefit are kept secure but remain simple and straightforward for claimants to understand and comply with.
- 9.5 Emphasis will be placed on verifying information using on-line facilities provided by the Department for Work and Pensions or obtaining confirmation from Job Centres that their staff have verified evidence supplied to them by claimants. Similarly, arrangements have been put in place with several Housing Associations for their staff to verify evidence supplied by claimants and pass the verified claims to the Council.

Details of cases sanctioned or prosecuted during quarter 2 2008/09

Appendix 1

Ref No	Source	Closed	Jul-08	Overpayment	Type of fraud discovered	Sanction	Ad Pen Amount
15949A	DWP	19-Feb-08		£1,950.00	Non-Resident	Caution	£0.00
				<b>£1,950.00</b>			<b>£0.00</b>
			<b>Aug-08</b>				
<b>Ref No</b>	<b>Source</b>	<b>Closed</b>	<b>Aug-08</b>	<b>Overpayment</b>	<b>Type of fraud discovered</b>	<b>Sanction</b>	<b>Ad Pen Amount</b>
20010DT	HBMS	07-Jul-08		£394.11	Undeclared Capital	Caution	£0.00
22232A	Intelligence Report	07-Jul-08		£7,040.69	Undeclared Owned Property	Caution	£0.00
300700	NFI	12-May-08		£14,285.94	Working & Claiming	Admin Penalty	£2,740.11
				<b>£21,720.74</b>			<b>£2,740.11</b>
			<b>Sep-08</b>				
<b>Ref No</b>	<b>Referral Source</b>	<b>Closed</b>	<b>Sep-08</b>	<b>Overpayment</b>	<b>Type of fraud discovered</b>	<b>Sanction</b>	<b>Ad Pen Amount</b>
15962A	Processing Teams	03-Jul-08		£9,458.00	Undeclared Owned Property	Admin Penalty	£2,837.40
15734A	Enfield Council	14-Feb-07		£12,771.00	Undeclared Savings/Capital	Prosecution	£0.00
15904A	Processing Teams	22-Aug-08		£41.30	Living Together- Ptnr working	Caution	£0.00
30070G	NFI	12-May-08		£5,698.00	Undeclared other CoC	Admin Penalty	£2,044.55
30070AM	Other LA	04-Aug-08		£2,809.44	Undeclared Wages Used	Admin Penalty	£842.23
30070AN	NFI	23-Jul-08		£12,328.22	Working & Claiming	Caution	£0.00
				<b>£43,105.96</b>			<b>£5,724.18</b>