

Agenda item:

[No.]

Audit Committee

On 3 February 2009

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

Report of: **The Chief Financial Officer**

Signed :

Contact Officer: Tim Fisher

Designation: Deputy Head of Benefits and Local Taxation

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Wards(s) affected: **All**

Report for: **Information**

1. Purpose of the report (That is, the decision required)

1.1 To advise and update Members on the Counter Fraud performance of the Benefits and Local Taxation Service from the 1st October 2008 – 30th December 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.

3. Summary

3.1 The Benefits and Local Taxation Service continues to maintain and further develop an effective approach to counter – benefit fraud activity. It has achieved 69 successful sanctions against those found to be committing benefit fraud during quarters 1 to 3 for 2008/09.

4. Use of appendices /Tables and photographs

10.1 A detailed breakdown of cases forwarded for prosecution and sanction is included in appendix 1 of this report.

5. Local Government (Access to Information) Act 1985

11.1 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

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 third quarter of 2008/09 is summarised in table 1.

Successful outcomes for 3rd quarter 2008/09

Sanction Type	Number Issued	Target	Status
Caution	23		Accepted
Admin Penalty	9		Accepted
Prosecution	3		Guilty
Total	35	31	

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 3 is above the expected target for this period. This is mainly due to the re-introduction of Housing Benefit Data Matches (HBMS) into the work of The Fraud Investigation Team. During this period HBMS referrals accounted for 60% of the cases sanctioned.
- 7.4 The Benefits and Local Taxation Service has set an annual target for of 126 sanctions for 2008/09. To achieve it's target the team is required to identify and sanction a further 57 cases. 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.
- 7.5 Performance for the year to-date is contained in table 2 overleaf -

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

Sanction Type	Number Issued	Target	Status
Caution	41		Accepted
Admin Penalty	20		Accepted
Prosecution	8		Guilty
Total	69	94	

Table 2

8. OVERPAID HOUSING BENEFIT

- 8.1 To date the counter fraud activity has identified £829,917 in overpaid benefit and a further £23,092 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 £331,966 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 51%. Based on this figure the potential recovery of overpaid Housing Benefit arising through fraud could amount to £423,258.

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 £755,224.

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 Using Department for Work and Pensions data for the period 1st June 2008 to 20th November 2008 it can be reported that the Benefits and Local Taxation Service has made 17, 376 alterations in entitlement to existing benefit claims. This follows claimants self reporting changes or as a result of the kinds of activities listed in para 9.3. This figure can be further broken down to reveal that this represents 7693 (44%) increases in benefit paid and 9683 (56%) reduction in benefit.

9.5 The Benefits and Local Taxation Service has also completed a pilot exercise in partnership with the Royal Mail. Known as *Validate* this exercise took part in the east of the borough. *Validate* enabled benefit customers to report changes in their circumstances at their local Post Office in response to an information request by the Benefits and Local Taxation Service.

- 9.6 Initial indications show that out of the approx 300 customers who responded to requests for information 22% used the Post Office to supply and validate their information. A survey of these customers showed that 90% were satisfied or very satisfied with the service and that 87% of those who responded would continue to use the Post Office to take in their benefit details. Royal Mail are now in discussion with the DWP to decide whether to promote this type of partnership nationally.