

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

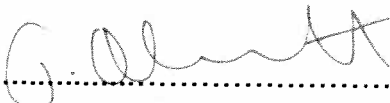
**1. Purpose**

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> January 2009 – 31<sup>st</sup> March 2009.

**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)

Contact Officer: Tim Fisher

Designation : Deputy Head of Benefits and Local Taxation

Telephone: (020-8489-1954)

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 127 successful sanctions against those found to be committing benefit fraud during quarters 1 to 4 for 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. Counter-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 fourth quarter of 2008/09 is summarised in table 1.

### Successful outcomes for 4th quarter 2008/09

Sanction Type	Number Issued	Target	Status
Caution	43		Accepted
Admin Penalty	13		Accepted
Prosecution	2		Guilty
<b>Total</b>	<b>58</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 4 is above the expected target for this period. This is mainly due to the receipt of Housing Benefit Data Matches (HBMS) which are supplied by the Department for Work and Pensions. These referrals identify those customers who have failed to declare Tax Credits or other forms of income, usually other state benefits. During this period HBMS referrals accounted for 86% of the cases sanctioned.
- 7.4 The Benefits and Local Taxation Service achieved the set annual target of 126 sanctions for 2008/09. The majority of cases sanctioned were subject to a caution, this accounted for 84 (66%) of the total number of cases. Administration penalties accounted for 33 (26%) of the total cases sanctioned and prosecutions accounted for a further 10 (8%) cases.

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

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

Sanction Type	Number Issued	Target	Status
Caution	84		Accepted
Admin Penalty	33		Accepted
Prosecution	10		Guilty
<b>Total</b>	<b>127</b>	<b>126</b>	

Table 2

**8. OVERPAID HOUSING BENEFIT**

8.1 Counter fraud activity has identified £1,047,300 in overpaid benefit and a further £31,394 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 £418,920 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 £534,123.

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 £953,043.

**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 1<sup>st</sup> June 2008 to 26<sup>th</sup> February 2009 it can be reported that the Benefits and Local Taxation Service has made 25, 491 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 11,063 (43%) increases in benefit paid and 14,428 (57%) reduction in benefit.
- 9.5 The Counter Fraud Strategy makes it clear that the Council will utilise all appropriate methods to identify benefit fraud, either directly or in partnership with other organisations.
- 9.6 The Audit Commission have supplied data relating to the National Fraud Initiative 2008 (NFI 08). This is a data-matching exercise undertaken every 2 years by the Audit Commission and Local Authorities. A total of 8,449 referrals relating to Housing Benefit and Council Tax Benefit were received covering 20 different data-matching rules.
- 9.7 Typically, the matching rules cover details of names, addresses, dates of birth and national insurance numbers for benefit claimants. These are matched with the Councils own records, other local authority and other public service providers records. Matched cases are identified and passed to Local Authorities by the Audit Commission.
- 9.8 In accordance with Audit commission guidance BLT Counter- Fraud Staff will sample check 1248 across all matching rules to identify the high risk matches. This exercise is timetabled to complete by the end of May after which the results of the sample testing will be used to select cases for investigation from the entire batch of referrals.

# Counter Fraud Performance

Anonymised details of cases successfully sanctioned for period:

Quarter 4 2008/09

FRD Ref	Referral source	Date Inv closed	Total OP	Date Sanction Agreed	Opt created date	Type of fraud discovered	Sanction Type	LA Ad Pen amount
16000A	Processing Teams	12-Nov-08	£104.44	13-Jan-09	11-Dec-08	Undeclared other CoC	C	£0.00
20010HB	HBMS	12-Jun-08	£6,552.54	29-Jan-09	09-Apr-08	Working & Claiming	C	£0.00
16050A	HBMS	17-Dec-08	£5,768.89	15-Jan-09	08-Jan-09	HBMS Saving - Capital	C	£0.00
16110A	HBMS	27-Nov-08	£1,226.23	14-Jan-09	20-Jan-09	Working & Claiming	C	£0.00
16112A	HBMS	15-Oct-08	£11.71	08-Jan-09	12-Nov-08	Undeclared other CoC	C	£0.00
16114A	HBMS	30-Oct-08	£363.08	12-Jan-09	14-Nov-08	Working & Claiming	C	£0.00
16117a	Processing Teams	20-Nov-08	£608.64	08-Jan-09	27-Oct-08	Definite Gone Away (100%)	C	£0.00
20010KE	HBMS	20-Nov-08	£1,539.63	08-Jan-09	10-Dec-08	Undeclared other CoC	A	£461.88
20010KF	HBMS	28-Nov-08	£1,126.80	08-Jan-09	10-Dec-08	HBMS Saving - Tax Credits	C	£0.00
20010KP	HBMS	13-Nov-08	£119.81	08-Jan-09	04-Dec-08	HBMS Saving - Tax Credits	C	£0.00
20010KU	HBMS	27-Nov-08	£1,464.90	12-Jan-09	16-Dec-08	HBMS Saving - Tax Credits	C	£0.00
20010KV	HBMS	31-Dec-08	TBC	30-Jan-09	12-Jan-09	HBMS Saving - Tax Credits	C	£0.00
20010KY	HBMS	26-Nov-08	£1,523.70	12-Jan-09	16-Dec-08	HBMS Saving - Tax Credits	C	£0.00
20010LM	HBMS	16-Dec-08	£1,546.40	21-Jan-09	19-Dec-08	HBMS Saving - Tax Credits	A	£463.92
20010LR	HBMS	27-Nov-08	£2,343.36	21-Jan-09	16-Dec-08	HBMS Saving - Tax Credits	C	£0.00
20010LX	HBMS	12-Dec-08	£300.84	21-Jan-09	06-Jan-09	HBMS Saving - Tax Credits	C	£0.00
16161A	HBMS	03-Dec-08	£1,192.82	30-Jan-09	19-Dec-08	Definite Gone Away (100%)	C	£0.00
15630H	HBMS	23-Nov-06	£6,323.87	21-Aug-07	27-Dec-06	Undeclared Savings/Capital	P	£0.00
15864A	External Agency	16-Dec-08	£2,594.98	06-Feb-09	06-Jan-09	Undeclared Owned Property	A	£778.49
15899a	HBMS	30-Nov-07	£13,990.41		17-Dec-07	HBMS Saving - Capital	P	£0.00
16029A	HBMS	19-Jan-09	£2,973.21	06-Feb-09	29-Jan-09	Definite Gone Away (100%)	C	£0.00
20010KQ	HBMS	27-Nov-08	£1,893.69	17-Feb-09	11-Dec-08	HBMS Saving - Tax Credits	C	£0.00
20010KR	HBMS	19-Dec-08	£3,315.61	06-Feb-09	29-Jan-09	HBMS Saving - Tax Credits	A	£366.87
20010KT	HBMS	08-Dec-08	£1,854.27	06-Feb-09	09-Jan-09	HBMS Saving - Tax Credits	A	£554.99
20010LD	HBMS	20-Jan-09	£2,156.53	20-Feb-09	23-Jan-09	HBMS Saving - Tax Credits	A	£653.94
20010MG	HBMS	16-Jan-09	£3,708.94	24-Feb-09	22-Jan-09	HBMS Saving - Tax Credits	C	£0.00
20010MI	HBMS	19-Jan-09	£4,090.41	27-Feb-09	27-Jan-09	HBMS Saving - Tax Credits	A	£1,268.04
20010MK	HBMS	19-Jan-09	£616.88	06-Feb-09	21-Jan-09	HBMS Saving - Tax Credits	C	£0.00
20010MN	HBMS	13-Jan-09	TBC	17-Feb-09	21-Jan-09	HBMS Saving - Tax Credits	C	£0.00

## Counter Fraud Performance

20010MO	HBMS	20-Jan-09	£3,870.53	20-Feb-09	23-Jan-09	HBMS Saving - Tax Credits	A	£1,161.15
20010MX	HBMS	28-Jan-09	£3,669.15	20-Feb-09	11-Feb-09	Undeclared State Benefits	C	£0.00
20010MZ	HBMS	28-Jan-09	£2,156.25	13-Feb-09	12-Feb-09	Undeclared State Benefits	C	£0.00
20010NC	HBMS	28-Jan-09	£2,945.50	12-Feb-09	03-Feb-09	Undeclared State Benefits	C	£0.00
20010NH	HBMS	13-Jan-09	£761.42	26-Feb-09	12-Feb-09	TBC	C	£0.00
20010NP	HBMS	16-Jan-09	£1,113.35	12-Feb-09	23-Jan-09	HBMS Saving - Tax Credits	C	£0.00
15516A	Processing Teams		TBC	17-Mar-09		TBC	C	£0.00
15937A	Processing Teams	02-Dec-08	£678.04	19-Mar-09	16-Feb-09	Undeclared Capital	A	£132.23
15955B	Processing Teams	05-Mar-09	£13,660.31	19-Mar-09	26-Feb-09	Contrived Tenancy	C	£0.00
16042A	Processing Teams	22-Dec-08	£690.31	06-Mar-09	16-Feb-09	Undeclared Capital	C	£0.00
16054A	NFI	06-Jan-09	£2,817.43	06-Mar-09	27-Jan-09	Working & Claiming	C	£0.00
20010KB	HBMS	05-Feb-09	£686.14	06-Mar-09	11-Feb-09	HBMS Saving - Capital	C	£0.00
20010LC	HBMS	20-Jan-09	£3,944.79	06-Mar-09	28-Jan-09	HBMS Saving - Tax Credits	A	£1,183.43
20010LJ	HBMS	05-Jan-09	£364.39	12-Mar-09	02-Mar-09	HBMS Saving - Tax Credits	C	£0.00
20010LK	HBMS	12-Dec-08	£277.81	09-Mar-09	27-Jan-09	HBMS Saving - Tax Credits	C	£0.00
20010LU	HBMS	18-Feb-09	£1,567.67	26-Mar-09	25-Feb-09	HBMS Saving - Tax Credits	C	£0.00
20010MB	HBMS		TBC	30-Mar-09		TBC	C	£0.00
20010MC	HBMS	04-Mar-09	TBC	12-Mar-09		HBMS Saving - Tax Credits	C	£0.00
20010MD	HBMS	06-Feb-09	£2,453.16	19-Mar-09	16-Feb-09	HBMS Saving - Tax Credits	C	£0.00
20010ME	HBMS	21-Jan-09	£4,168.43	25-Mar-09	02-Mar-09	HBMS Saving - Tax Credits	C	£0.00
20010MF	HBMS	16-Dec-08	£588.56	19-Mar-09	30-Jan-09	HBMS Saving - Tax Credits	C	£0.00
20010MT	HBMS	27-Jan-09	£2,124.61	12-Mar-09	05-Feb-09	Undeclared State Benefits	A	£637.38
20010MW	HBMS	28-Jan-09	£1,454.56	20-Mar-09	03-Feb-09	Undeclared State Benefits	A	£446.11
20010NA	HBMS	23-Jan-09	£643.39	04-Mar-09	30-Jan-09	HBMS Saving - Tax Credits	A	£193.01
20010NU	HBMS	04-Mar-09	£196.92	31-Mar-09	09-Mar-09	HBMS Saving - Tax Credits	C	£0.00
20010NW	HBMS	19-Feb-09	TBC	25-Mar-09		HBMS Saving - Tax Credits	C	£0.00
20010NY	HBMS	26-Mar-09	£515.55	30-Mar-09	06-Apr-09	HBMS Saving - Tax Credits	C	£0.00
20010NV	HBMS	24-Mar-09	TBC	30-Mar-09		HBMS Saving - Tax Credits	C	£0.00
20010OL	HBMS	04-Mar-09	£1,701.88	19-Mar-09	18-Mar-09	TBC	C	£0.00
			£124,675.86					£8,301.44

C= Caution  
A= Administrative Penalty  
P= Prosecution