



**Haringey** Council

Agenda item:

**[No.]**

**Audit Committee**

**On 30<sup>th</sup> July 2009**

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

Report of : Gerald Almeroth, Chief Financial Officer

Signed :

Contact Officer : Tim Fisher, Deputy Head of Benefits and Local Taxation (020 8489 1954)

Wards(s) affected: All

Report for: Information Only

**1. Purpose of the report**

1.1. To advise and update Members on the Counter Fraud performance of the Benefit and Local Taxation Service from the 1<sup>st</sup> April 2009 – 30<sup>th</sup> June 2009.

**2. Introduction by Cabinet Member (if necessary)**

2.1. N/A

**3. State link(s) with Council Plan Priorities and actions and /or other Strategies:**

3.1. The Council has a published Anti-Fraud and Corruption Strategy. The activities stated in this report directly relate to the Council maintaining effective counter –fraud activities as defined by this strategy

3.2. The requirement to maintain effective counter fraud activities is a requirement of the Corporate Area Assessment as defined by the Key Line of Enquiry – *Service Outcomes for Users and the Community*

**4. Recommendations**

4.1. 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.

<p><b>5. Reason for recommendation(s)</b> 5.1. N/A</p>
<p><b>6. Other options considered</b> 6.1. N/A</p>
<p><b>7. Summary</b> 7.1. - The Benefits and Local Taxation Service continues to maintain and further develop an effective approach to counter – benefit fraud activity. It has achieved 11 successful sanctions against those found to be committing benefit fraud during quarter 1 2009/10</p>
<p><b>8. Chief Financial Officer Comments</b> 8.1. The Chief Financial Officer notes the contents of this report and confirms that the counter-benefit fraud activity undertaken is provided within the overall benefits &amp; local taxation cash limit.</p>
<p><b>9. Head of Legal Services Comments</b>  9.1. The Head of Legal Services has been consulted in the preparation of this report, and advises that there are no specific legal implications which arise out of the contents.  9.2. Legal Services will continue to support Benefits and Local Taxation, in terms of advice and prosecution work, in order to maximise the level of Government subsidy available for recovering overpaid housing benefit.</p>
<p><b>10. Head of Procurement Comments –[ Required for Procurement Committee]</b> 10.1. N/A</p>
<p><b>11. Equalities &amp; Community Cohesion Comments</b> 11.1. N/A</p>
<p><b>12. Consultation</b> 12.1. N/A</p>
<p><b>13. Service Financial Comments</b> 13.1. The role of the Fraud Investigation Team does not attract direct financial subsidy from Central Government as there is no specific statutory duty to maintain counter fraud activity in respect of Housing Benefit and Council Tax Benefit.  13.2. However, there is a clear expectation on Local Authorities to maintain effective counter fraud activity. This is currently measured by the Corporate Area Assessment through the Key Lines of Enquiry.  13.3. The Benefits and Local Taxation Service maintains a dedicated team at a</p>

cost of £910,177 per annum to tackle benefit fraud. The role of the Fraud Investigation Team is clearly defined in the Council's Counter Fraud Strategy relating the Housing Benefit and Council Tax Benefit.

#### 14. Use of appendices /Tables and photographs

Appendix 1 - Detailed breakdown of sanction cases achieved during Quarter 1 2009/10

#### 15. Local Government (Access to Information) Act 1985

15.1 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](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 The performance of the Fraud Investigation Team for the first quarter of 2009/10 is summarised in table 1.
- 7.2 The Benefits and Local Taxation Service has set an annual target of 140 sanctions for 2009/10. Despite a relatively slow start to the year it is anticipated that performance will pick up over the remainder of the year. Activity will be primarily focussed on data-matching activities which include the National Fraud Initiative and the Housing Benefit Matching Service referrals.

#### Successful outcomes for 1<sup>st</sup> quarter 2009/10

Sanction Type	Number Issued	Target	Status
Caution	4		Accepted
Admin Penalty	2		Accepted
Prosecution	5		Guilty
<b>Total</b>	<b>11</b>	<b>35</b>	

Table 1

- 7.3 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.

## 8. OVERPAID HOUSING BENEFIT

- 8.1 Counter fraud activity has identified £137,765 in overpaid benefit, this includes overpayments for non sanctioned cases, and a further £1,263 in Administrative Penalties. Central government subsidy is paid in relation to overpayments is at a rate of 40p to the £1.00 or 40%. Consequently, it can be estimated that £55,106 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 £70,260.
- 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 £125,366.

## 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 and how the Council will utilise all appropriate methods to identify benefit fraud, either directly or in partnership with other organisations. This includes active participation in the various data matching exercises that take place to identify possible fraud and error.
- 9.3 The Audit Commission have supplied the Council with data relating to the National Fraud Initiative 2009 (NFI 09). This is a data-matching exercise undertaken every 2 years by the Audit Commission and Local Authorities. Data-matching is where two data-sets are matched together with the aim of linking an individual to both which may then identify discrepancies in information.
- 9.4 A total of 8,511 referrals relating to Housing Benefit and Council Tax Benefit were received. These are classified into high, medium, and low priority groups. A breakdown of these are contained in table 2 below.

Priority Group	Number of Matches	%
High	4058	48
Medium	562	7
Low	3891	45

Table 2

- 9.5 It should be noted that the priority classification does not relate to the probability of fraud. The priority refers to there being a likelihood that the two data-sets relate to the one individual which in-turn could result in the uncovering of a discrepancy.
- 9.6 Within the high priority group priority will be given to the 885 payroll matches and 1580 pension matches. Investigations will be undertaken to establish whether any of the individuals identified can be associated with discrepancies over the information they may have given in support of their Housing Benefit or Council Tax Benefit claims. Once the high priority matches have been cleared attention will then be given to the medium priority group matches. Testing will take place on the low priority matches before a decision is taken to allocate resources to these cases.
- 9.7 Counter fraud activity will focus on NFI 2009 over the coming months and a more detailed outcomes report will be made to the next meeting of the Audit Committee.