



Haringey Council

Agenda item:

[No.]

Audit Committee

On 25th March 2010

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 : Ian Biggadike, Head of Benefits and Local Taxation (020 8489 3854)

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 1st January 2010 – 8th March 2010.

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 The requirement to maintain effective counter fraud activities is a requirement of the Corporate Area Assessment as defined by the Key Lines 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.

5. Reason for recommendation

5.1 For Members to remain informed of the activity of the Fraud Investigations Team and are able scrutinise this accordingly.

6. Other options considered

6.1 Not applicable.

7. Summary

7.1 The Benefits and Local Taxation Service continues to maintain and further develop an effective approach to counter – benefit fraud activity.

7.2 Since April 2009 BLT has achieved 74 successful sanctions against those found to be committing benefit fraud. During quarter 4 to date 2009/10 BLT achieved 21 sanctions and has a further 4 cases referred for prosecution.

7.3 Key work priorities for the Fraud Investigation Team are prosecutions, the National Fraud Initiative, Housing Benefit Matching Service, pro-active operations with the Police and Homelessness and joint working with the Department for Work and Pensions.

8. Chief Financial Officer Comments

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 & local taxation cash limit.

9. Head of Legal Services Comments

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.

10. Head of Procurement Comments

10.1 Not applicable.

11 Equalities &Community Cohesion Comments

11.1 The activities detailed in this report relate to the day to day work of the Fraud Investigation Team. All counter fraud activity is undertaken with due regard and adherence to the Council's Equalities and Community Cohesion policies.

12. Consultation

12.1 No consultation was required for the production of this report.

13. Service Financial Comments

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 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

14.1 Appendix 1 - Detailed breakdown of sanction cases achieved during Quarter 4 to date 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

1 BACKGROUND

1.1 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.

1.2 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.

2 COUNTER FRAUD ACTIVITY

2.1 Performance of the Fraud Investigation Team for the fourth quarter of 2009/10 is summarised in table 1.

- Successful outcomes for 4th quarter to date 2009/10 (figures in brackets are for the whole quarter equivalent period in 2008/09)

Sanction Type	Number Issued	Year Target	Status
Caution	29 (23)		Accepted
Admin Penalty	3 (9)		Accepted
Prosecution	0 (3)		Guilty
Total	32 (35)	35 (31)	

Table 1

2.2 It is estimated that the final Sanctions performance during quarter 4 will be above target for the period (expected to be between 36 and 47) - primarily due to a shift of emphasis towards HBMS based work in the final quarter, in order to reach 100 Sanctions in-year. There are a further 15 probable Prosecutions with our legal department, 3 with SOL B (DWP Solicitors Branch) and 2 with the Crown Prosecution Service, but these have not progressed as quickly as hoped, mainly due to court scheduling issues, but it is estimated that 3 cases will be heard in 2009/2010 and the majority of those outstanding early 2010-11.

2.3 The Benefits and Local Taxation Service originally set an annual target of 140 Sanctions for 2009/10. This isn't a feasible target now as, in common with the majority of Benefit Investigation Team's nationally, the emphasis had changed from achieving 'numbers' of sanctions to dealing with the more complex cases where criminality is involved – and this work remains ongoing. However a pro-active one-off 'HBMS data report' will enable the Fraud Team to significantly increase overall sanction performance in the final quarter and it is estimated that we will now achieve 100 sanctions by the year end.

2.4 The Fraud Team are continuing to work in partnership with Homelessness and the

DWP in order to progress the large number of NFI referrals where additional information is required before a determination can be considered. We are commissioning access to a wired Broadband port in Haringey so that the DWP can access their systems via a GCSx secure connection thus facilitating effective data exchange stage where. Additionally, our work with the Homelessness Team is reaching the arrests and/or search warrants are in process with 3-4 additional joint prosecutions likely early next financial year

2.5 Performance for the year to-date is contained in table 2. **Bold** figures are YTD to 8th March 2010)

- **Successful outcomes for year to-date (2009/10)**

Sanction Type	Number Issued	Target	Status
Caution	54 (84)		Accepted
Admin Penalty	15 (33)		Accepted
Prosecution	16 (10)		Guilty
Total	85 (127)	140 (126)	

Table 2

3 Overpaid Housing Benefit

3.1 To date, counter fraud activity has identified £1,022,322 in overpaid benefit and a further £15,151 in Administrative Penalties. Central government subsidy paid in relation to overpayments is at a rate of 40p to the £1.00 or 40%.

3.2 Consequently, it can be estimated that £408,928 will be reclaimed from central government in our subsidy claim, which effectively results in a 60% shortfall against benefit expenditure.

3.3 The subsidy arrangements are designed to incentivise local authorities to recover overpaid Housing Benefit. At this present time recovery performance in relation to all in-year created overpayments cannot be accurately stated due to a national known bug within Northgate's software application. Northgate have predicted that this bug will be corrected in a software release due in June 2010

4 ANTI-FRAUD AND CORRUPTION STRATEGY

4.1 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.

4.2 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-focused activities to remind benefit claimants of the importance to report changes in their circumstances to ensure that the right benefit is being paid.

4.3 The Fraud Investigation Team in partnership with the Homelessness Investigations Unit has successfully made a joint bid for an integrated Intelligence and Case Management IT system where funding has been approved and a Project Manager appointed.

4.4 This software system will allow for the programmatic sharing of Intelligence across a number of Directorates (including Safer Communities and Educational Welfare initially) in order to highlight inconsistent information provided by customers to different Service areas and encourage a partnership approach to problem solving. This project is progressing to timescale. The IT specification has been completed and the Invitation to Tender was sent out on 5th March 2010

4.5 The National Fraud Initiative has had all 1,279 Benefits recommended matches checked with a further 648 high and medium priority cases cleared to date. This will be treated as an area of priority from April 2010.

4.6 Once a suitable broadband connection has been identified, we will be working in partnership with the DWP on NFI work, with the DWP leading on cases where there is a 'living together' element to the offence (with the LA 'joining' the case prior to IUC) whereas Haringey will concentrate on the previously identified priority areas such as internal/external undeclared wages, homelessness, students and alcohol licences (with the DWP invited to join reciprocally) This should enable us in partnership to cover almost twice the amount of cases. There is agreement in place that Haringey's legal department will be handling all joint Prosecutions arising from the Local Authority, claiming for both LA and DWP Investigator costs at trial.