



**Audit Committee** **On 26<sup>th</sup> July 2010**

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

Report of : Julie Parker, Director of Corporate Resources  
Signed : *Julie Parker for DoCR*

Contact Officer : Ian Biggadike, Deputy Head of Benefits and Local Taxation (020 8489 1939)

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 2010 – 30th June 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

**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 During quarter 1 from 1/4/10 to 30/6/10 BLT achieved 24 sanctions and have a further 5 cases referred for prosecution.
- 7.3 Key work priorities for the Fraud Investigation Team in 2010/2011 will be 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. Director of Corporate Resources Comments**

- 8.1 The Director of Corporate Resources 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 – [ Required for Procurement Committee]**

- 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. The Benefits and Local Taxation Service currently 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 1 2010/11

**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)

**16. BACKGROUND**

16.1 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.

16.2 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.

**17. COUNTER FRAUD ACTIVITY**

17.1 Performance of the Fraud Investigation Team for April to June 2010/11 is summarised in table 1.

17.2 Successful outcomes for 1<sup>st</sup> quarter 2010/11 (figures in brackets are for the equivalent period in 2009/10)

Sanction Type	Number Issued	April to June Target	Status
Caution	16 (4)		Accepted
Admin Penalty	3 (2)		Accepted
Prosecution	5 (5)		Guilty
Total	24 (11)	30 (25)	

Table 1

17.3 A more detailed breakdown of cases forwarded for prosecution and sanctions is included in appendix 1 of this report. This gives details of the type of fraud discovered. The Fraud Team has continued to work closely with internal agencies in order to tackle cases where criminality involving multiple services has been undertaken

- 17.4 Sanctions performance during quarter 1 was slightly below the target of 30 Sanctions. However this was largely due to the identification of 30 new cases in June 2010 with overpayments totalling circa £209,000 where Sanctions are appropriate. It is therefore projected that the shortfall in the target for sanctions will be recovered by the end of August 2010.
- 17.5 Partnership working with the Police took on a higher profile in the last quarter of 2009/10 and in the first quarter 2010/11. The Fraud Team have been providing extensive intelligence into Police led Operations – particularly Trident, Golf (Child Trafficking), Horwood (Eastern European crime) and Payback (Proceeds of Crime). In addition – we continue to work closely with Safer Communities to provide intelligence towards the Gang Action Group initiative
- 17.6 We have achieved our first successful prosecution from Operation Rize (Money Laundering) in May 2010 – and have a further 3 ongoing prosecution's with the Crown Prosecution Service as a result of these partnership initiatives. These cases represent serious acquisitive crimes so the Authority will be applying for compensation in respect of the Housing and/or Council Tax Benefit overpayments (Criminal Benefits) and in the most serious cases via the liquidation of criminally obtained assets (Criminal Lifestyle offences) by using the Proceeds of Crime Act after a successful conviction has been achieved.

## **18. Overpaid Housing Benefit**

- 18.1 From 1/4/10 to 30/6/10 - counter fraud activity has identified £292,305.10 in overpaid benefit and a further £1,894.77 in Administrative Penalties. Central government subsidy paid in relation to overpayments is paid at a rate of 40p to the £1.00 or 40%.
- 18.2 Consequently, it can be estimated that £116,922.04 has been generated in subsidy which effectively results in a 60% shortfall against benefit expenditure.
- 18.3 Currently, recovery performance in relation to all in-year created overpayments cannot be accurately recorded due to a problem with the software application. This is due to be resolved by the supplier in July 2010. The problem is affecting all councils using this software

## **19. ANTI-FRAUD AND CORRUPTION STRATEGY**

- 19.1 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.
- 19.2 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.

Fraud Team Sanctions 2010/2011

Apr-10

FRD Referral	Referral Source	Date investigation closed	Total OPT	Sanction Date	Prosecution Date	OPT created date	Type of fraud discovered	Sanction	Ad Pen Amount
16340A	HBMS	09-Mar-10	5,469.10	07-Apr-10		08-Mar-10	HBMS Saving - Undeclared Earnings	A	1,454.92
20010SN	HBMS	02-Mar-10	4,701.00	07-Apr-10		23-Mar-10	HBMS Saving - Tax Credits	C	0.00
16428A	HBMS	10-Mar-10	2,583.88	30-Apr-10		08-Mar-10	HBMS Saving - Tax Credits	C	0.00
16441a	HBMS	20-Jan-10	4,800.34	07-Apr-10		22-Mar-10	HBMS Saving - Tax Credits	C	0.00
16422A	HBMS	20-Jan-10	471.31	22-Apr-10		29-Jan-10	HBMS Saving - Tax Credits	C	0.00
16418A	HBMS	20-Jan-10	2,803.91	30-Apr-10		04-Feb-10	HBMS Saving - Tax Credits	C	0.00
16417a	HBMS	20-Jan-10	4,141.37	30-Apr-10		03-Feb-10	HBMS Saving - Tax Credits	C	0.00
20010SD	HBMS	29-Jan-10	506.54	28-Apr-10		05-Feb-10	HBMS Saving - Tax Credits	C	0.00
20010RA	HBMS	18-Nov-09	1,576.96	07-Apr-10		26-Nov-09	Definite Gone Away (100%)	C	0.00
16036A	HBMS	15-Jul-09	22,702.36	08-Apr-10		11-Sep-09	Undeclared Capital	S	0.00
									<b>49,756.77</b>

1,454.92

May-10

FRD Referral	Referral Source	Date investigation closed	Total OPT	Sanction Date	Prosecution Date	OPT created date	Type of fraud discovered	Sanction	Ad Pen Amount
15932A	Other LA	18-Jan-08	54,850.00	20-May-10		14-Feb-08	Contrived Tenancy	P	0.00
15932A	Other LA	18-Jan-08	0.00	20-May-10		14-Feb-08	Contrived Tenancy	P	0.00
16250A	External Agency	26-May-09	26,331.61	01-Jul-09		27-May-09	Undeclared Capital	P	0.00
16364a	HBMS	05-Jan-10	6,820.23	18-May-10		19-Jan-10	HBMS Saving - Tax Credits	C	0.00
20010CX	HBMS	09-Mar-10	3,322.79	18-May-10		15-Mar-10	HBMS Saving - Undeclared Earnings	C	0.00
16452A	HBMS	15-Feb-10	3,193.65	18-May-10		02-Mar-10	HBMS Saving - Tax Credits	C	0.00
16456A	HBMS	10-Mar-10	1,118.93	18-May-10		06-May-10	HBMS Saving - Tax Credits	C	0.00
16457A	HBMS	22-Feb-10	1,736.61	18-May-10		22-Apr-10	HBMS Saving - Tax Credits	C	0.00
20010SP	HBMS	15-Mar-10	745.50	24-May-10		08-Apr-04	HBMS Saving - Tax Credits	A	223.65
									<b>98,119.32</b>

223.65

June-10

FRD Referral	Referral Source	Date investigation closed	Total OPT	Sanction Date	Prosecution Date	OPT created date	Type of fraud discovered	Sanction	Ad Pen Amount
16196A	DWP	11-Feb-09	33,083.73	17-May-10		03-Mar-09	Living Together - Ptnr working (100%)	P	0.00
16343a	DWP	22-Oct-09	16,921.87	18-Jun-10		29-Oct-09	Multiple Claims	P	0.00
20010OP	HBMS	19-Oct-09	1,104.84	10-Jun-10		15-Dec-09	Undeclared Wages Used	C	0.00
16414a	HBMS	20-Jan-10	720.68	10-Jun-10		03-Feb-10	HBMS Saving - Tax Credits	A	216.20
16455A	HBMS	03-Jun-10	1,696.35	02-Jul-10		29-Jun-10	HBMS Saving - Tax Credits	C	0.00
16429A	HBMS	12-Apr-10	3,009.99	01-Jul-10		07-May-10	HBMS Saving - Tax Credits	C	0.00
20010SS	HBMS	25-Feb-10	6,400.96	03-Jun-10		15-Mar-10	HBMS Saving - Tax Credits	S	0.00
									<b>62,938.42</b>

216.20