



Haringey Council

Agenda item:

Audit Committee

On 2 November 2010

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

Report authorised by: Julie Parker, Director of Corporate Resources

Signed : *J. Parker 25/11/10*

Report of and Contact Officer : Ian Biggadike, Deputy Head of Benefits and Local Taxation
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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 June 2010 – 30th September 2010.

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

- 2.1 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. Recommendations

- 3.1 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.

4. Reason for recommendation

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

5. Other options considered

5.1 Not applicable.

6. Summary

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

6.2 During the period 1/7/10 to 30/9/10, BLT achieved 39 sanctions and a further 6 cases referred for prosecution.

6.3 Key work priorities for the Fraud Investigation Team in Quarter 2 have been 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.

7. Chief Financial Officer Comments

7.1 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.

8. Head of Legal Services Comments

8.1 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.

8.2 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.

9. Head of Procurement Comments

9.1 Not applicable.

10. Equalities & Community Cohesion Comments

10.1 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.

11. Consultation

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

12. Service Financial Comments

- 12.1 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.
- 12.2 However, there is a clear expectation on Local Authorities to maintain effective counter fraud activity
- 12.3 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.
- 12.4 The Council has reviewed options available, in order to make effective use of existing resources in addressing fraud prevention and detection. The Councils corporate anti fraud policies and strategies are being reviewed in order to reflect a new Corporate Anti Fraud Structure, combining the in-house fraud investigation resources within internal audit, with those in the Housing Benefits Investigation Team

13. Use of Appendices / Tables and photographs

13.1 Appendix 1 - Detailed breakdown of sanction cases achieved during Quarter 2 2010/2011

14. Local Government (Access to Information) Act 1985

14.1 The background working papers are located within the BLT Fraud Section, 10 Station Rd, Wood Green N22.

15. BACKGROUND

15.1 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.

15.2 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.

16 COUNTER FRAUD ACTIVITY

16.1 Performance of the Fraud Investigation Team for the 2nd quarter 2010/11 is summarised in Table 1. (figures in brackets are for the equivalent period in 2009/10)

Table 1

Sanction Type	Number Issued	2 nd Quarter Target	Status
Caution	28 (13)		Accepted
Admin Penalty	5 (5)		Accepted
Prosecution	6 (8)		Guilty
Total	39 (26)	40 (34)	

16.2 Sanctions performance during quarter 1 and quarter 2 finished just three cases short of the 60 case target for the period.

16.3 Partnership working with Police operations, the DWP Fraud Investigations Team and other local authorities fraud operations have continued in Quarter 2.

16.4 In addition, we continue to work closely with Safer Communities to provide intelligence towards the Gang Action Group initiative.

17 Overpaid Housing Benefit

17.1 From 1/6/10 to 30/9/10 - counter fraud activity has identified £631,321 in overpaid Housing and Council Tax benefits and a further £2,516. in Administrative Penalties.

17.2 Central government subsidy paid in relation to overpayments is at a rate of 40p to the £1.00 or 40%.

17.3 Consequently, it can be estimated that £252,528. has been recovered from the DWP in subsidy. This then leaves a 60% shortfall against benefit expenditure.

- 17.4 The subsidy arrangements are designed to incentivise local authorities to recover overpaid Housing Benefit. If an overpayment is fully recovered, the Local Authority can keep the recovered income as well as the 40% subsidy, thus receiving 140% return on the benefit paid out.
- 17.5 We are still unable to report our performance with recovery of overpayments due to problems with the IT software which is currently being resolved.. It is anticipated that we should be able to report recovery performance in the Quarter 3 audit committee report. However, we have undertaken a manual exercise which has revealed that 71.5% of overpayments created through detection of fraud have recovery action currently in progress – either recovered in full or ongoing recovery action taking place
- 17.6 The Department for Work and Pensions have implemented the “one strike” rule for all sanctions, where an overpayment occurs solely after 1/4/10. This strike will be that 4 weeks benefit will be lost for a first sanctionable offence and a further 13 weeks lost for a subsequent offence. This rule is primarily enforced by the DWP and applies equally to all sanctions including Prosecutions. This could have financial implications for the Council in terms of Public Sector rent arrears and Council Tax recovery depending on the case types investigated and the outcomes involved. As yet, no cases have been affected by the one strike rule, as all sanctions so far in 2010/2011 also relate to previous years.

18 Anti-fraud and corruption strategy

- 18.1 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.
- 18.2 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.
- 18.3 The Council has reviewed the options available for the detection and prevention of benefit fraud, in order to make the most effective use of existing resources available across the Council. As a direct result of this review. the responsibility for the investigation and prevention of Housing Benefit fraud will be moving from the Benefits and Local Taxation Service to a newly formed Corporate Anti Fraud Team,

19 Successful prosecutions in 2010/11 so far

19.1 Below are details of prosecutions that have taken place in 2010/2011 so far.

- A husband and wife team who contrived a tenancy in order to claim £58,000 in Housing Benefits over 6 years – sentenced to a year supervision order and 80 hours community service respectively - £1,500 costs awarded
- A man who had £67,000 in a safety deposit box received £26,000 in Housing and Council Tax benefits over a 2 year period – sentenced to 3 months custodial suspended subject to a supervision order and imminent confiscation proceedings
- A woman living with a working partner who also had £38,000 in capital – where £33,000 in Housing and Council Tax benefits was claimed over 6 years – sentenced to 10 months custodial sentence
- A man with a false passport and adopted identities for a further 6 people – claimed £17,000 in Housing Benefit over 2 years – sentenced to 15 months custodial
- A man who failed to notify he left his address 2 ½ years before - received £25,500 in Housing Benefit – sentenced to 150 hours community service and £1,300 costs
- A man who had stolen an identity for Council Tax benefit and other financial frauds - received £670 in Council Tax benefits over a year and a half – sentenced to 2 years for the range of offences involved and will be deported upon release
- A man who was working full-time received DWP and LA benefits totalling £22,500 over a 4 year period – sentenced to 20 weeks custodial sentence suspended for 2 years – 150 hours community service and £800 costs