

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

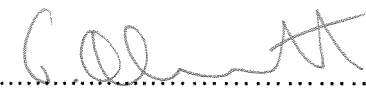
1. Purpose

- 1.1 To advise and update Members on the Counter Fraud performance of the Benefits and Local Taxation Service from the 1st January 2008 – 31st March 2008 and obtain approval for the Counter Benefit Fraud Strategy.

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, and approve the Counter Benefit Fraud Strategy.

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 through the activity of the Fraud Investigations Team maintained an effective approach to counter – benefit fraud activity. It achieved 124 successful sanctions against those found to be committing benefit fraud. In so doing it was able to attract a Comprehensive Performance Assessment rating of 4 (excellent). In a further response to the Benefit Fraud Inspectorates (BFI) report, published October 2007, a Counter- Benefit Fraud strategy has been developed for which member approval is sought.

4. Reasons for any change in policy or for new policy development - Approval for the Counter Benefit Fraud Strategy is sought following a recommendation by the BFI.

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

6. BACKGROUND

- 6.1 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.
- 6.2 Following last years inspection by the Benefit Fraud Inspectorate the Benefits and Local Taxation Service have reviewed and amended the Prosecution Policy relating to counter benefit fraud and produced a Counter Benefit Fraud Strategy for benefit fraud for which Audit Committee approval is sought.

7. COUNTER FRAUD ACTIVITY

- 7.1 Performance of the Fraud Investigation Team for the fourth quarter of 2007/08 is summarised in table 1.

Successful outcomes for 4th quarter 2007/08

Sanction Type	Number Issued	Target	Status
Caution	28		Accepted
Admin Penalty	20		Accepted
Prosecution	3		Guilty
Total	51	31	

Table 1

- 7.2 Counter fraud activity contributes to the Benefits and Local Taxation Services' Comprehensive Performance Assessment. The Department for Work and Pensions (DWP) currently use performance of sanctions activity to help judge the effectiveness of the Council's counter fraud performance and produces a performance score to rate performance.
- 7.3 The Benefits and Local Taxation Service set an annual target for 2007/08 of 126 sanctions. Against this target the Fraud Team achieved 124 sanctions, narrowly missing the set target. Nevertheless, the performance of the Fraud Team has been sufficiently good enough to attract a score of 4 (excellent) under the revised CPA rating which takes the first 6 months performance into account.
- 7.4 The revised CPA score reflects the DWP's decision to suspend the supply of Housing Benefit Matching Service referrals from November 2007. This followed the DWP's decision to implement a review of data security due to the loss of child benefit records by the HM Revenues and Customs.
- 7.5 Performance for the year to date is summarised in table 2. In comparison with the end of year performance for 2006/07 the Fraud Team improved its performance by an additional 8 cases.

Successful outcomes for year to date 2007/08

Sanction Type	Number Issued	Target	Status
Caution	60		Accepted
Admin Penalty	48		Accepted
Prosecution	16		Guilty
Total	124	126	

Table 2

Overpaid Housing Benefit

- 7.6 To date the counter fraud activity has identified £1,033,088 in overpaid benefit and a further £38,974 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 £413,235 has been generated in subsidy, this effectively results in a 60% shortfall against benefit expenditure.
- 7.7 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 53.69%. Based on this figure the potential recovery of overpaid Housing Benefit arising through fraud during the year could amount to £554,665.
- 7.8 When combining subsidy paid, plus recovered overpayments for the year it is estimated that counter fraud activity could generate in the region of £967,900.

8. Counter Benefit fraud Strategy

- 8.1 Approval is sought from The Audit Committee for the Counter Benefit Fraud Strategy (appendix 1). This follows the recommendation made by the Benefit Fraud Inspectorate (BFI) that this be developed to accompany the Council's existing Fraud Strategy.
- 8.2 The Strategy, once approved will be published on the Council's website and will contain links to Benefits website, the Council's Sanctions Policy (appendix 2) and advice on how to refer suspected benefit fraud cases to the Fraud Team.
- 8.3 The Strategy includes changes to the reporting arrangements to the Audit Committee. In future details of cases taken forward for sanction will be included in the reports to the Audit Committee so that Members are able to review the effectiveness of the Counter Fraud Strategy and Sanctions Policy.
- 8.4 The additional information will be included as an appendix to the main report presented quarterly to the Audit Committee. A blank example of this report is included as appendix 3 to this report. This new reporting format will cover activity relating to 2008/09 and will be presented in full at the next Audit Committee meeting.