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HOUSING BENEFITS COUNTER-FRAUD ANNUAL REPORT 2006/7

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**Purpose of Report**

1. To inform members of the work of Housing Benefits counter-fraud activity for the financial year 2006/7

**Background**

2. Whilst the Department for Works and Pensions (DWP) has overall responsibility for the scope and structure of Housing Benefit and Council Tax Benefit schemes, Darlington Borough Council has the day-to-day responsibility for their administration. This remit includes the prevention, detection and investigation of benefit fraud.
3. The Benefit Enquiry Unit is part of the Housing Benefits Section within the Department of Community Services and is responsible for investigating all allegations of Housing and Council Tax Benefit Fraud. The Unit is staffed by 2 full time and 2 part time investigators who are all fully qualified Accredited Counter Fraud Officers. A fully qualified Accredited Counter Fraud Manager manages the unit, and there is a full time clerical support officer.
4. The effective response to the threat of benefit fraud requires a number of policies procedures, teams and organisations coming together to produce an anti-fraud culture. This is achieved in the following ways: -
  - (a) **Anti-fraud culture.** Darlington Borough Council has a Housing Benefit anti-fraud policy, and anti-fraud strategy, as well as a Housing Benefit sanctions policy, all which are embedded within the Council's corporate anti-fraud strategy and policy.
  - (b) **Prevention.** Darlington Borough Council verifies all claims for Housing Benefit to standards recommended by the DWP and only accepts original documentation as proof of customer's financial circumstances. It also has a team of 3 Benefit Visiting Officers, who check customer's claims as part of a proactive programme of reviews, to ensure that the claim remains correct and customers are aware of their duty to notify the council of any changes in their circumstances.
  - (c) **Detection.** Darlington Borough Council uses all available techniques to identify fraud. This includes data matching within the Housing Benefit Matching Service, (HBMS) and the Audit Commission's National Fraud Initiative (NFI).
  - (d) **Investigation.** Professionally trained investigators using tested methods to uncover evidence of fraud.
  - (e) **Sanction.** Where fraud is identified, taking the appropriate sanctions and publicising the results as a deterrent.

- (f) **Redress.** Fully recovering the debt to show that fraud does not pay.

## Information and Analysis

### Performance

5. In 2006/07 the verification team visited 3564 people in their homes, and sent 1799 reviews by post. As a consequence, some 870 claims were found to be incorrect, with 217 claims identified as not receiving enough benefit, and 653 claims identified as being overpaid.
6. Darlington Borough Council has it's own 24 hour phone line where members of the public can ring and report their suspicions of benefit fraud in complete confidence. During office hours, they can speak to a member of the Benefit Enquiry Unit; while out of office hours there is an answer phone to leave a message. In total the Benefit Enquiry Unit received 620 referrals from members of the public and staff. A further 461 matches were received from the Housing Benefit Matching Service.
7. During the course of the year the Unit took action in respect of 56 cases where following an investigation, it was determined that there was a case to answer in respect of benefit fraud. A breakdown of these cases is detailed below:
  - (a) Formal Cautions given - 30 cases
  - (b) Administrative Penalties accepted - 20 cases
  - (c) Prosecutions where guilty verdicts returned - 6 cases.

A synopsis of the types of redress available in respect of benefit fraud is attached at **Appendix A.**

8. The section has improved it's performance in respect of the Best Value Performance indicators, in the table below:

| BVPI ref no | Indicator Description                              | 2005/06 | 2006/07 |
|-------------|--|---------|---------|
| 76a         | Number of claimants visited per 1,000 claimants    | 336     | 378     |
| 76b         | Number of fraud investigators per 1,000 claimants  | 3.5     | 3.3     |
| 76c         | Number of fraud investigations per 1,000 claimants | 41      | 55      |
| 76d         | Number of fraud sanctions per 1,000 claimants      | 1.1     | 5.3     |

9. The section also benchmarks against other authorities in the region to ascertain it's comparative level of performance. Darlington Borough Council's performance is above the national average, and the Unit remains in a good position to make a steady improvement towards upper quartile performance. This is attached at Appendix B.

## **Training**

10. All new Benefits staff receive training to identify potential frauds, and how to notify any suspicions they may have during the course of their duties to the Benefit Enquiry Unit. In addition, all staff received training in how to identify any forged or counterfeit documents and the Benefit Supervisor provides this training. In addition a quarterly newsletter is circulated to all Benefit staff, and to the Customer Service, Housing, and Council Tax Registration teams. This newsletter gives details of cases that have been sanctioned, stating what type of fraud was committed, how it was identified and what sanction was administered against to the person.

## **Legal Implications**

11. This report has been considered by the Legal Services Manager for legal implications in accordance with the Council's approved procedures. There are no issues which the Legal Services Manager considers need to be brought to the specific attention of Members, other than those highlighted in the report.

## **Section 17 of the Crime and Disorder Act 1998**

12. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

## **Recommendation**

13. It is recommended that the Benefit Enquiry Unit Annual Report for 2006/07 be approved

**Cliff Brown**  
**Director of Community Services**

### **Formal Caution**

A Formal Caution is offered as an alternative to prosecution, but is not a criminal conviction. Formal cautions can only be offered when the suspect has admitted committing the offence. Darlington Borough Council's Sanctions policy defines when a formal caution may be appropriate, but each case is considered on its own merits. All formal cautions are recorded with the Department for Work and Pensions, and may be cited in court, should the customer commit another offence against either a benefit administered by the Department of Work and Pensions or Housing or Council Tax Benefit, and be prosecuted for it.

### **Administrative Penalty.**

An Administrative Penalty is an alternative to prosecution. Section 115A of the Social Security Administration Act 1992 details when an Administrative Penalty may be offered. It may only be offered in respect of an overpayment which is recoverable under section 71, 71a, 75 or 76 of the Social Security Administration Act 1992. An Administrative penalty is set at 30% of the overpayment, and is recoverable after the overpayment has been repaid to Darlington Borough Council.

Darlington Borough Council's Sanctions policy defines when an Administrative Penalty may be appropriate, but each case is considered on its own merits. All Administrative Penalties are recorded with the Department for Work and Pensions, so that if the person commits another offence against a benefit administered either by the Department for Work and Pensions or a Local Authority, and that authority is considering offering a sanction to the person, this may affect their decision.

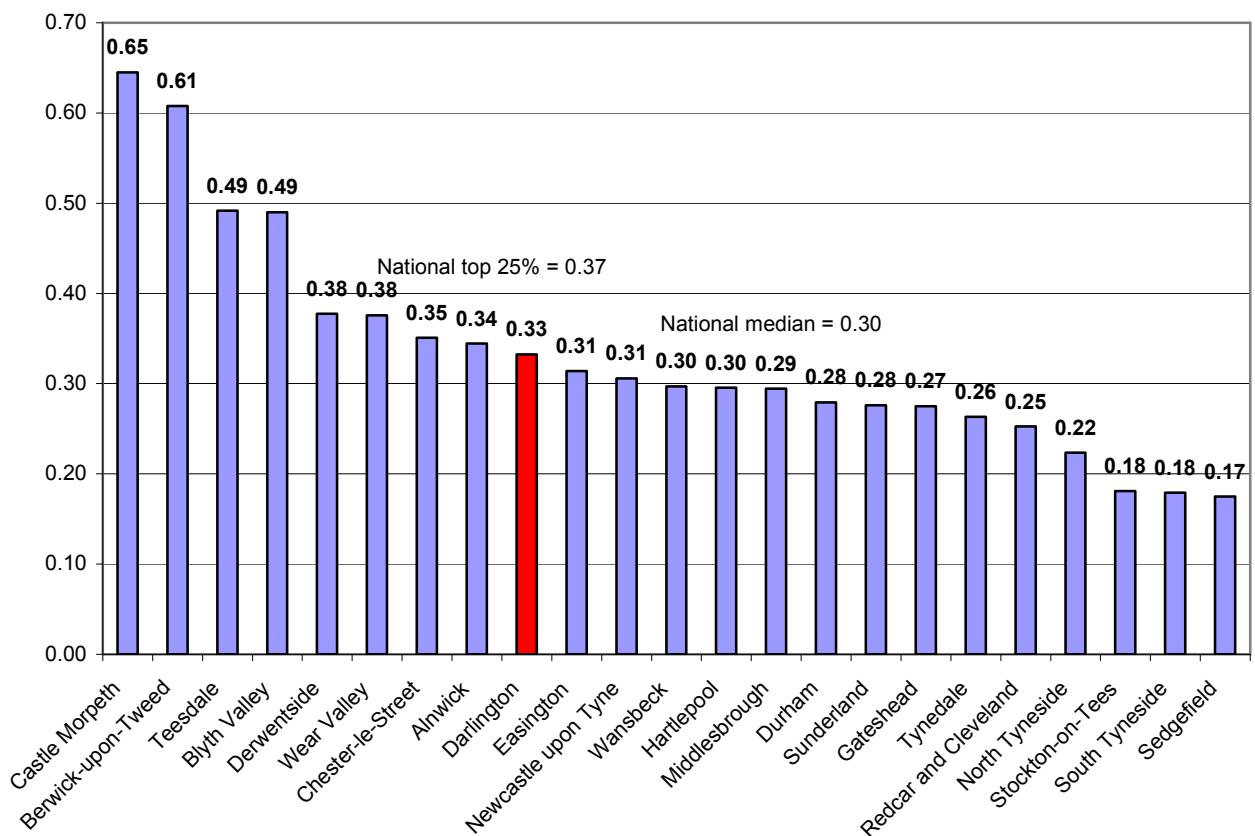
### **Prosecution**

Darlington Borough Council's Sanctions Policy defines when it will seek to prosecute for an offence. Each case is taken on its own merits, and consideration is given to health and social factors. If Darlington Borough Council offers a formal caution or administrative penalty to someone it considers to have committed an offence, and they decline the offer or fail to attend for any appointments and do not contact the office to re-arrange the appointment, then the case will always be referred to the Legal Department for them to consider instigating legal proceedings.

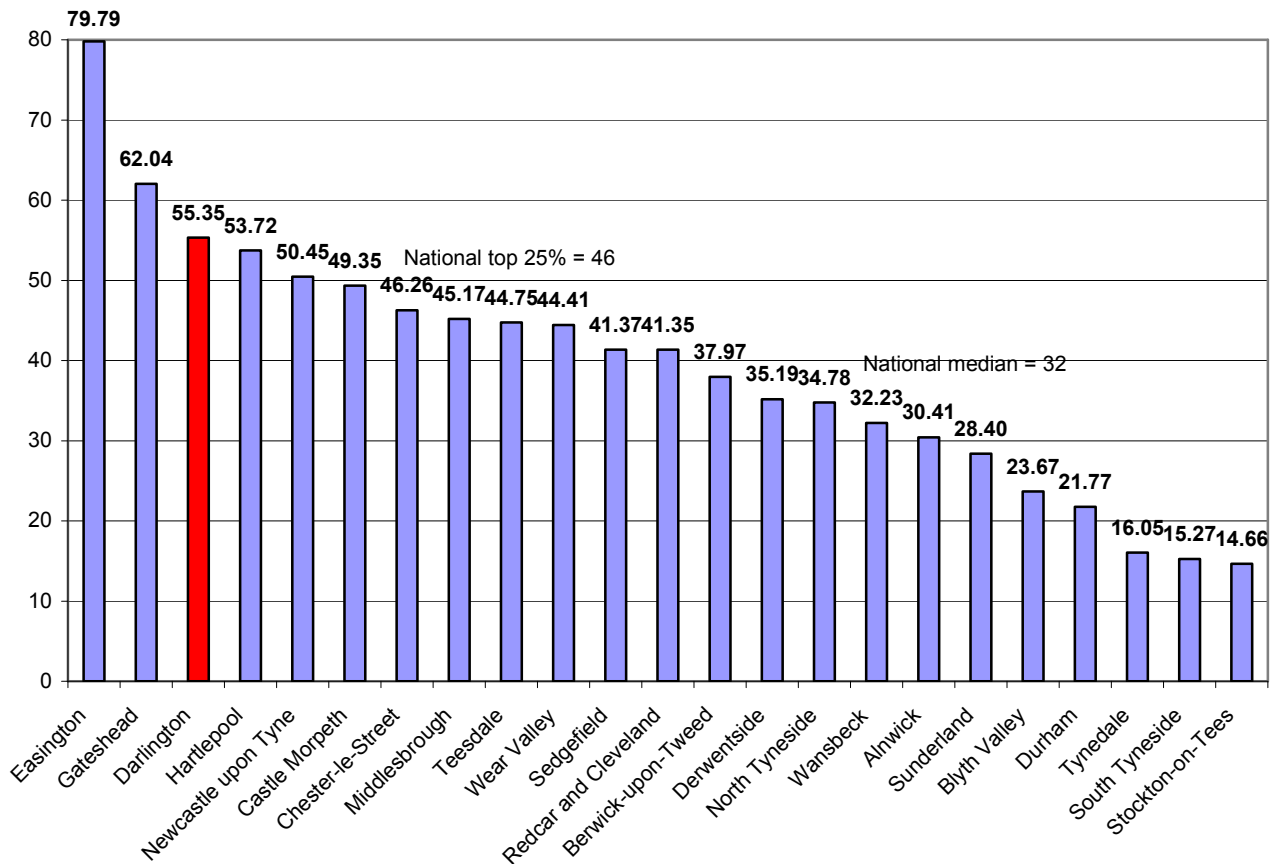
## APPENDIX B

The latest Best Value Performance figures compared to other Local Authorities in the North East, taken from data published by the DWP. This data shows each authority's performance for 2006/2007.

### BVPI76b Number of fraud investigators per 1,000 claimants



BVPI76c Number of fraud investigations per 1,000 claimants



BVPI 76d Number of fraud sanctions per 1,000 claimants

