
BENEFITS ENQUIRY UNIT ANNUAL REPORT 2009/10

SUMMARY REPORT

Purpose of the Report

1. To inform members of the work of the Benefit Enquiry Unit for the financial year 2009/10.

Summary

2. The report highlights that the Benefit Enquiry Unit are a key element of the Council's Anti Fraud and Corruption arrangement, highlights changes in content from previous years, refers to the increase in successful sanctions in fraud prosecutions obtained and concludes that overall a positive performance was achieved during the course of the year.

Recommendation

3. It is recommended that the Benefit Enquiry Unit Annual Report for 2009/10 be noted.

Reasons

4. The recommendations are supported to provide the Audit Committee with evidence to reflect on the Council's approach to managing fraud within the Benefits system.

**Cliff Brown
Director of Community Services**

Background Papers

- 1 BEU Case Files
- 2 DWP Housing Benefit Operational Database
- 3 DBC Benefits Anti Fraud Policy and Strategy
- 4 DBC Benefits Sanctions Policy

Anthony Sandys : Extension 2512
BAH

S17 Crime and Disorder	Other than the reported frauds there is no crime and disorder impact
Health and Well Being	No specific health and well being impact
Sustainability	No specific sustainability being impact
Diversity	No specific diversity impact
Wards Affected	All wards are affected equally
Groups Affected	All groups are affected equally
Budget and Policy Framework	No effect on the budget or policy framework
Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision
One Darlington: Perfectly Placed	No specific relevance to the strategy beyond a reflection on the Council's governance arrangements
Efficiency	There are no specific efficiency impact

MAIN REPORT

Information and Analysis

5. Whilst the Department for Work 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 prosecution, where appropriate, of benefit fraud.
6. 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. In certain circumstances, when the law allows, the Local Authority can also investigate allegations of benefit fraud against certain benefits administered by the DWP, and also has the power to prosecute offenders for these offences. The unit is staffed by two full time and two part time investigators who are all fully qualified Accredited Counter Fraud officers. There is also one member of the Housing Benefit Assessment team who is training as a Counter Fraud Officer. This person has just completed their accredited training. A fully qualified Accredited Counter Fraud manager manages the unit and there is clerical support from two full time and one part time clerical officer.
7. 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 Housing Benefit Anti-Fraud Strategy, as well as a Housing Benefit Sanctions policy all of which are embedded within the Council's Corporate Anti-Fraud Strategy and Policy.
 - (b) **Prevention**

Darlington Borough Council only accepts original documentation as proof of a customer's financial circumstances. It also has a team of 2 full- time and 1 part-time Benefit Visiting Officers, although currently one full time Benefit Visiting Officer is seconded to work as a Benefit Assessor. The Benefit Visiting Officer's review customer's claims as part of a proactive programme of reviews to ensure that the claim remains correct and then re-assesses the claims where a change of circumstances has been declared. During 2009/10 the Benefit Visiting Officers visited 994 people in their homes. Of these, the Benefit Visiting Officers found 379 claims which were not receiving the correct amount of benefit.
 - (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.

Analysis

Performance

8. The results of Housing Benefits counter fraud activity have shown a steady increase, illustrated in Table 1 below. A total of 89 sanctions and prosecutions have been achieved in 2009/10, including 26 prosecutions resulting in guilty verdicts at Bishop Auckland Magistrates Court, Darlington Magistrates Court and Newton Aycliffe Magistrates Court. A further 13 prosecution cases are currently in progress. In comparison, the total number of sanctions and prosecutions achieved for the same period in 2008/09 was 77 sanctions of which 19 were successful prosecutions.
9. The Housing Benefit Fraud hotline number and shared Fraud Hotline number are advertised on the Benefit Fraud webpage.
10. Housing Benefit Sanctions issued during 2009/10 are shown in Table 1 below. This also shows the amount of overpayment, broken down by sanction type and the total amount of Administrative Penalty accepted during this period and the amount recovered within the financial year. Definitions of the types of sanctions available are attached at **Appendix A**.
11. Included in these prosecutions is a successful case against a private landlord who had defrauded the Council. This was the second prosecution against the same landlord. The Council also decided that this landlord was not “fit and proper” to receive any future payments of Housing Benefit. A further prosecution against another private landlord is currently in the Magistrate’s Court.

Table 1

Type of Sanction	Number	Overpaid Benefit	Administrative Penalty accepted	Amount recovered to date	Amount Written off	Amount currently being recovered
Simple Caution	10	£7,676		£3,881	£0.00	£3,795
Administrative Penalty	53	£40,413	£10,060	£18,666	£0.00	£31,807
Prosecutions	26	£63,799		£20,038	£0.00	£43,761
Total	89	£111,888	£10,060	£42,585	£0.00	£79,363

12. The Benefit Counter Fraud team completed its investigation of the referrals sent by the Audit Commissions National Fraud Initiative during 2008/09. This resulted in one person who has recently been successfully prosecuted for failing to disclose student income meaning they received Housing Benefit they were not entitled to, and a further case that is currently being laid before the courts.
13. The data matches are a good source of referrals, as they point to an area where customers have not declared their true circumstances and form a significant part of the sanction activity for the team. During the financial year 2010-11 we expect the Department for Work and Pensions to introduce a system of prompts whereby changes in certain state benefits, including Tax Credits, will be notified to the Local Authority so that they can update those customers' details. At the moment, it is the customer's responsibility to tell us about these changes, and when they fail to do so, the information is reported to us through the Housing Benefit Matching Service, and is currently a good source of referrals. We anticipate that it is likely that this source of referrals will end during the coming financial year, possibly having an effect on the number of investigations achieved by the Benefit Enquiry Unit.
14. The Benefit Fraud Investigation team produces a quarterly newsletter, which is distributed to all members of the Housing Benefit team, Housing Services, Local Taxation section, and the Customer Services Team. The Benefit Fraud Investigation team also contribute to the bi-annual fraud awareness news letter, published by Audit Services to raise awareness of all aspects of fraud, and encourage staff to report allegations of Housing and Council Tax Benefit fraud. The Benefit Fraud Investigation team notify the Communications Unit of any significant fraud prosecutions cases due to come before the courts, so that the press can be alerted. During the financial year 2009-10 the Northern Echo reported on the successful prosecution of Mr and Mrs Brown, which was reproduced in the Town Crier. At the end of May 2010 a report appeared in the Northern Echo, The Daily Mirror and the Daily Star of the successful prosecution at Teesside Crown Court of Miss Helme. In the coming year, the Benefit Enquiry Unit wishes to build on this and work with the Communications Unit to improve the team's public profile.

Training

15. All new Benefits staff and Customer Services staff who answer telephone queries about Housing and Council Tax Benefit 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. All new members of the Customer Service team receive training in identifying original documents, and how to identify any forged or counterfeit documents. The Benefit Supervisor provides this training, and refresher training on an annual basis.

Conclusion

16. The Housing Benefit Counter Fraud team continues to improve its performance with regards to the number of sanctions and prosecutions it generates in the financial year.

Definitions

Simple Caution

1. This was previously called a Formal Caution, and it is offered as an alternative to prosecution, but it is not a criminal conviction. Simple cautions can only be offered when the suspect has admitted to committing the offence. Darlington Borough Council's Sanctions policy defines when a simple caution may be appropriate, but each case is considered on its own merits. All simple 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 for Work and Pensions or Housing or Council Tax Benefit, and be prosecuted for it.

Administrative Penalty

2. 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.
3. Darlington Borough Council's Sanctions policy defines when an Administrative Penalty may be appropriate, but each case is considered on its own merits. Consideration is given to the person's financial circumstances – as far as they are known, and whether offering an Administrative Penalty will cause undue hardship. 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

4. 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 simple caution or administrative penalty to someone it considers to have committed an offence, and they either decline the offer or fail to attend any appointment to discuss the offer 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.