
BENEFITS ENQUIRY UNIT ANNUAL REPORT 2008/09

SUMMARY REPORT

Purpose of the Report

1. To inform members of the work of the Benefit Enquiry Unit for the financial year 2008/09.

Summary

2. The report highlights that the Benefit Enquiry Unit are a key element of the Council's Anti Fraud and Corruption arrangements, details 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 contents of the report be noted.

Reasons

4. The recommendation is supported to provide the Audit Committee with evidence to reflect on the Council's governance arrangements

Cliff Brown
Director of Community Services

Background Papers

- (i) BEU case files
- (ii) DWP Housing Benefit Operational Database.
- (iii) DBC Benefits Anti Fraud Policy and Strategy.
- (iv) DBC Benefits Sanctions Policy.

Maggie McCulloch : Extension 2925

S17 Crime and Disorder	Other than the reported frauds there is no crime and disorder impact.
Health and Well Being	There is no specific health and well being impact.
Sustainability	There is no specific sustainability impact.
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not affect 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	There is no specific relevance to the strategy beyond a reflection on the Council's governance arrangements.
Efficiency	There is no specific efficiency impact.

MAIN REPORT

Information

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 2 full time and 2 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 is part way through their accredited training. A fully qualified Accredited Counter Fraud manager manages the unit and there is clerical support from two full time clerical officers.
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, who review customer's claims as part of a proactive programme of reviews to ensure that the claim remains correct. During 2008/09 the Benefit Visiting Officers visited 2452 people in their homes. Of these, the Benefit Visiting Officers found 987 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 77 sanctions and prosecutions have been achieved in 2008/09, including 19 prosecutions resulting in guilty verdicts at Bishop Auckland and Newton Aycliffe Magistrates Courts. A further 16 prosecution cases are currently in progress. In comparison, the total number of sanctions and prosecutions achieved for the same period in 2007/08 was 65 sanctions of which 6 were successful prosecutions.
9. The Housing Benefit Fraud hotline number and shared Fraud Hotline number have been advertised in conjunction with the council's anti-fraud and corruption hotline in the Council's annual wall planner. This is to emphasise Darlington Borough Council's commitment to investigate all allegations of fraud and corruption.
10. Housing Benefit Sanctions issued during 2008/09 are shown in **Table 1** below. This also shows that amount of overpayment, broken down by sanction type, and the total amount of Administrative Penalty accepted during this period. Definitions of the types of sanctions available are attached at **Appendix A**.
11. Included in these prosecutions, for the first time was a successful case against a private landlord who had defrauded the Council. The Council also decided that this landlord was not "fit and proper" to receive any future payments of Housing Benefit. A further 2 prosecutions against private landlords are currently being prepared.

Table 1

Type of Sanction	Number	Overpaid Benefit	Administrative Penalty accepted
Simple Caution	17	£13,900.46	
Administrative Penalty	41	£45,660.94	£11,657.92
Prosecutions	19	£53,085.35	
Total	77	£112,646.75	

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 2 people being successfully prosecuted for benefit fraud, and a further case that is currently being laid before the courts.
13. In November 2007, Her Majesty's Revenue and Customs lost a file of Child Benefit Data, which received national media coverage. This data loss resulted in the suspension of all data exchanges between Darlington Borough Council and the DWP. The data exchanges resumed with a more rigorous security protocol in April 2008.
14. The data matches provide excellent referrals, as they point to an area where customers have not declared their true circumstances, and form a large part of the sanction activity for the team. Fortunately, the absence of data matches from November 2007 until April 2008 did not seriously impact on the number of sanctions and prosecutions achieved during 2008/09.
15. 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 is to also contribute to the bi-annual fraud awareness news letter to be 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.

Training

16. All new Benefits staff and Customer Services staff who answer telephone enquires 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

17. 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

Outcome of Consultation

18. There was no formal consultation undertaken in production of this report.

Definitions

Simple Caution

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

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 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.