
BENEFITS ENQUIRY UNIT ANNUAL REPORT 2007/8

Purpose of Report

1. To inform members of the work of the Benefit Enquiry Unit for the financial year 2007/8 .

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 prosecution, where appropriate, 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. 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. 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: -
5. **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 which are embedded within the Council's Corporate anti fraud strategy and policy.
6. **Prevention.** Darlington Borough Council accepts original documentation as proof of 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.
7. **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).
8. **Investigation.** Professionally trained investigators using tested methods to uncover evidence of fraud.
9. **Sanction.** Where fraud is identified, taking the appropriate sanctions and publicising the results as a deterrent.

10. **Redress.** Fully recovering the debt to show that fraud does not pay.

Information and Analysis

Performance

11. The results of Housing Benefits counter fraud activity have shown a substantial increase, illustrated in Table 2, below. A total of 70 sanctions and prosecutions have been achieved in the period April 2007 to March 2008, including 6 prosecutions resulting in guilty verdicts at Bishop Auckland Magistrates Court, and Newton Aycliffe Magistrates Court. A further 5 prosecution cases are currently in progress. In comparison, the total number of sanctions and prosecutions achieved for the same period in 2006/07 was 55 sanctions, of which 5 were successful prosecutions.
12. The Housing Benefit counter fraud team have contributed to another excellent year's performance, as the Housing Benefit team received a 4 star rating from the Audit Commission in 2007.
13. This year 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.
14. Housing Benefit Sanctions issued during the period 1st April 2007 to 31st March 2008 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. Definitions of the types of sanctions available are attached at **Appendix A**.

Table 1.

Type of Sanction	Number	Overpaid Benefit	Administrative Penalty accepted
Formal Cautions	21	£25,229.11	
Administrative	43	£30,209.56	£8,283.57
Prosecutions	6 found guilty (5 in progress)	£17,641.54 (£11,605.53)	
Total	70	£73,080.21	£8283.57

15. The Benefit Counter Fraud team has investigated the referrals sent by the Audit Commissions National Fraud Initiative. This generated a number of referrals, one of which has recently resulted in a successful prosecution, and one which has just been laid before the courts. A few referrals resulted in a sanction (either a formal caution or an administrative penalty) being applied and number of claims were corrected.
16. 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, whilst the DWP conducted a review of its internal security arrangements. Consequently, the Housing Benefit Fraud team has not received any data match referrals from the DWP, from this date, although they are expected to resume soon.

17. These 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. Although it did not seriously affect the results for 2007/08, it is expected to have an impact on the 2008/09 results, as investigations can last a long time, and the lack of referrals is likely to impact on results reported from June 2008 onwards.
18. A further consequence of the suspension in data exchanges between Darlington Borough Council and the DWP has been a lack of performance data. The Performance Measure 10, which measured the number of reductions in benefit achieved during the year, had to be revised, and measured against performance data supplied from 01 April 2007 until 30 September 2007. As a consequence, the target number of reductions was reduced from baseline of actual reductions achieved nationally between December 2005 and November 2006 with a 20% increase to a 10% increase. Based on this performance data, Darlington Borough Council achieved 94.4% of the target and achieved a Level 3 score, which is a “good”. A comparison of scores achieved as at 30th September 2007 for all North East Authorities is attached at **Appendix B**.
19. This year, the Benefit Fraud Investigation team will produce a quarterly newsletter, which will be published on the intranet. The Housing Benefits section, other Housing Services, Customer Services and Council Tax already receive a quarterly newsletter, which has proved successful in raising fraud awareness. However, this new publication will be able to be accessed by all staff of the Council and will promote greater awareness of the need to report allegations of Housing and Council Tax Benefit fraud.

Training

20. All new Benefits staff and Customer Services staff who answer telephone queries about Housing and Council Tax Benefit have received 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 have received training in identifying original documents, and how to identify any forged or counterfeit documents. The Benefit Supervisor provides this training.

Conclusion

21. 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. However, it should be recognised that this year has been one of extraordinary difficulties largely brought about by the suspension of data exchange following the well publicised data loss by Her Majesty’s Revenue and Customs Child Benefit office, and this is likely to have repercussions for performance in 2008/09.

Recommendation

22. It is recommended that the Benefit Enquiry Unit Annual Report for 2007/08 be noted.

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Background Papers

1. Housing Benefit Anti Fraud Policy
2. Housing Benefit Anti Fraud Strategy
3. Housing Benefit Sanctions Policy
4. Darlington Borough Council Anti Fraud and Corruption Policy
5. Darlington Borough Council Anti Fraud and Corruption Strategy
6. Audit Commission Darlington Borough Council Comprehensive Assessment (CPA) Scorecard 2007

Definitions

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 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 offer's 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.

PM10.

PM10 scores compared to other Local Authorities in the North East, taken from public data published by the Department for Work & Pensions in a circular published in 2008.

PM 10 performance 07

