
INVESTIGATION TEAM ANNUAL REPORT 2010/11 AND AMENDMENTS TO THE HOUSING BENEFITS ANTI FRAUD STRATEGY, ANTI FRAUD POLICY AND SANCTIONS POLICY

Purpose of Report

1. To inform members of the work of the Investigation Team for the financial year 2010/11.
2. To seek approval for amendments to the DBC Housing Benefit/Council Tax Benefit Anti Fraud Strategy, Policy and Sanctions Policy

Summary

3. The annual report highlights that the Investigation Team are a key element of the Council's Anti Fraud and Corruption arrangements, highlights changes in content from previous years, refers to the maintenance in the number of successful sanctions and fraud prosecutions obtained and concludes that overall a positive performance was achieved during the course of the year.
4. The Benefits Sanctions Policy has been updated on two counts to reflect an increase in the threshold value to £500 before which an overpayment which is considered fraudulent will be considered for further sanction action and to make reference to the "Loss of Benefit Provisions" or "One Strike" as it is more commonly known. These new provisions enable Housing and Council Tax Benefit entitlement to be reduced by 40% for 4 weeks following a successful prosecution, or the acceptance of a sanction such as an Administrative Penalty or Simple Caution.
5. The Benefits Anti Fraud Strategy, Benefits Anti Fraud Policy have been updated to take account of the merger between Revenues and Benefits and changing job titles and roles and responsibilities.

Recommendations

6. It is recommended that the:
 - (a) Investigation Team's Annual Report for 2010/11 be noted.
 - (b) amendments to the Benefits Anti Fraud Strategy, Benefits Anti Fraud Policy and Benefits Sanctions Policy be approved.

Reasons

7. The recommendations are supported by the following reasons:
 - (a) To inform members of the work of the Investigation Team
 - (b) To ensure policy documentation supporting the work of the Investigation Team remains current and fit for purpose.

Murray Rose
Director of People

Background Papers

- 1 Benefits investigation case files
- 2 DBC Benefits Anti Fraud Policy and Strategy
- 3 DBC Benefits Sanction Policy

Anthony Sandys : Extension 2512

S17 Crime and Disorder	Other than the special investigation work there is no crime and disorder impact.
Health and Well Being	There is no specific health and well being impact.
Carbon Impact	There is no specific carbon 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

Investigation Team Annual Report 2010/11

Purpose of Report

8. To inform members of the work of the Investigation Team for the financial year 2010/11.

Background

9. 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.
10. In 2011 the Local Taxation and Housing Benefit teams have merged to create the Revenues and Benefits Section within the People Group. The Investigation Team is part of the Revenues and Benefits Section 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. One of the part-time investigators will be on maternity leave for some of 2011-12. There is also one member of the Housing Benefit Assessment team who is training as a Counter Fraud Officer. A fully qualified Accredited Counter Fraud manager manages the unit and there is clerical support from one full time and three part time clerical officers.
11. Following the merger of Revenues and Benefits, the Investigation Team will also take responsibility for investigating allegations of Local Taxation fraud such as incorrectly claimed discounts and exemptions, as well as businesses failing to register themselves or making incorrect applications for exemptions for the National Non-Domestic Rates scheme.
12. 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 on maternity leave. The Benefit Visiting Officers review customer claims as part of a proactive programme of reviews to ensure that the claim remains correct and

then re-assess the claim where a change of circumstances has been declared. During 2010/11 the Benefit Visiting Officers visited 1328 people in their homes. Of these, the Benefit Visiting Officers found 487 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), the Audit Commission's National Fraud Initiative (NFI) and the use of a telephone fraud hotline. The Investigation Team undertook a targeted fraud drive in early 2011, and early indications are that this initiative proved successful resulting in two further potential prosecutions. It is intended to undertake a further exercise of this nature later this year.
- (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

13. In 2010/11 the team received 644 referrals including those coming from matches provided by the Housing Benefit Matching Service, compared to 544 for the 09/10 financial year. The results of Housing Benefits counter fraud activity illustrated in Table 1 below show that last years performance has been maintained. A total of 84 sanctions and prosecutions were achieved in 2010/11, including 27 prosecutions resulting in guilty verdicts at Bishop Auckland Magistrates Court, Darlington Magistrates Court, Newton Aycliffe Magistrates Court and Teesside Crown Court. A further 7 prosecution cases are currently in progress. In comparison, the total number of sanctions and prosecutions achieved for the same period in 2009/10 was 89 sanctions of which 26 were successful prosecutions. The Investigation Team benchmarks informally against other local authority counter fraud teams through the Department for Work and Pensions. According to these statistics, Darlington Borough Council's Investigations Team performs well within the region.
14. The Housing Benefit Fraud hotline number and shared Fraud Hotline number are advertised on the Benefit Fraud webpage.
15. Housing Benefit Sanctions issued during 2010/11 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, and the amount recovered within the financial year. Definitions of the types of sanctions available are attached at **Appendix A**.
16. Included in these sanctions are two people that were successfully prosecuted at Teesside Crown Court. Articles about these prosecutions also appeared in the Northern Echo in 2010 which provided valuable publicity in respect of a deterrent effect.

Table 1

Type of Sanction	Number	Overpaid Benefit	Administrative Penalty accepted	Amount recovered	Amount Written off	Amount currently being recovered
Simple Caution	14	£7,120		£2,180	£0.00	£5,030
Administrative Penalty	43	£36,424	£9012	£12,486	£0.00	£32,950
Prosecutions	26	£111,361		£31,200	£0.00	£80,161
Total	89	£154,905	£9012	£45,866	£0.00	£118,141

17. Data matches from both the National Fraud Initiative and the Housing Benefit Matching Service are a good source of referrals, as they point to an area where customers have not declared their true circumstances, and form an important part of the sanction activity for the team.
18. The Investigation Team has started to investigate the referrals from this year's National Fraud Initiative. This is still at an early stage and as yet has not yielded any tangible results. These are matches with other Local Authority held databases, internal records of the Council and those held by other authorities. As with the matches provided by the Housing Benefit Matching Service, these indicate potential incorrectness in the information held by the Housing and Council Tax Benefit Team. In the past these have provided useful information that has led to several people being sanctioned or prosecuted for failing to declare income such as student loans and pensions. One of these cases was reported in the Northern Echo in March 2011.
19. During the financial year 2011/12 it is expected the Department for Work and Pensions will introduce a system whereby changes in certain state benefits, including Tax Credits, will be notified directly to the Local Authority by the DWP 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. It is anticipated that it is likely that this source of referrals will end or be radically reduced during the coming financial year, but the new system should enable changes to be identified quicker, and so reduce fraud and error along with the risk of the claim being overpaid.
20. It is also expected that the Housing Benefit Matching Service will begin to send matches based on a match of data held by the Housing Benefit Matching Service with credit reference agency data. This is expected to reveal households where there may be

undeclared adults in the property.

21. Following the merger of Revenues and Benefits, it is proposed that the Investigation Team during 2011/12 will begin take responsibility for investigations into allegations of incorrectly claimed discounts and exemptions for Local Taxation and National Non-Domestic Rates. It may also be possible that the Team will become involved in supporting Local Taxation staff by assisting them when they visit newly developed properties to invite residents to register with Local Taxation so that the Council Tax liabilities can be promptly created and arrangements made to pay these sums. It is possible that the Investigation Team may support Local Taxation staff in a similar way for businesses needing to register for National Non-Domestic Rates.
22. The Investigation Team produces a quarterly newsletter, which is distributed to all members of the Revenues and Benefits Team, Housing Services, and the Customer Services Team. The 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 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 2010/11 the Northern Echo reported on the successful prosecution at Teesside Crown Court of two significant investigations. These were both prosecutions that were brought on behalf of the Council and the Department for Work and Pensions. In March 2011 a report appeared in the Northern Echo regarding a further successful prosecution in the Magistrates Court. Whilst these reported cases are welcome, significantly more work needs to be done to improve the team's public profile and to maximise the deterrent value of publicising successful prosecutions. In the coming year, the Investigation Team will be working with the Communications Unit with a view to utilising the Council's own publications such as the Town Crier and Hot News.

Training

23. 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 Investigation Team. All new members of the Customer Service Team receive training in identifying original documents, and how to identify any forged or counterfeit documents. The Investigations Team Leader provides this training, and refresher training on an annual basis.

Conclusion

24. The Investigation Team continues to maintain its performance with regards to the number of sanctions and prosecutions it generates in the financial year and continues to provide an effective Benefits Counter Fraud service to the Council.

Review of Policy Documentation

25. The Housing Benefit Anti Fraud Policy and Strategy, and the Housing Benefit Sanctions Policy have been updated to reflect the proposed following changes.

Housing Benefit Anti Fraud Policy and Strategy, and the Housing Benefit Sanctions Policy

26. Changes have been made in respect of references to the new Revenues and Benefits Section, and to changes in job titles. The Benefit Enquiry Unit has now become the Investigation Team, as the role of the team begins to reflect the wider range of activities within the new merged section.
27. The revised Housing Benefit Anti Fraud Policy and Strategy, are attached at **Appendix B and C**.

Sanctions Policy

28. The minimum overpayment that will be considered for further sanction action where fraud has been uncovered and proven has been increased to £500.00. The cost of litigation action in either the Magistrates or the Crown Court is such that it is not economic to take this action for cases where fraud has been uncovered involving sums of less than £500.00. In order to offer an Administrative Penalty or a Simple Caution, the Council has to be prepared to prosecute for the offence if the customer either rejects the offer, or fails to attend the interviews and therefore all sanction activity is subject to this increased overpayment figure.
29. It has also been amended to make reference to the new “Loss of Benefit Provisions” or “One Strike” as it is more commonly known. New provisions in the Social Security (Loss of Benefit) Regulations 2001 as amended by Social Security (Loss of Benefit) Amendment Regulations 2010 enable Housing and Council Tax Benefit entitlement to be reduced by 40% for 4 weeks following a successful prosecution, or the acceptance of a sanction such as an Administrative Penalty or Simple Caution. This legislation change applies only to the first sanction or prosecution that a person receives for an offence committed after 01/04/2010.

The revised Sanctions Policy is attached at **Appendix D**.

