

**Agenda Item No:** 5  
**Report To:** **AUDIT COMMITTEE**  
**Date:** **27 June 2010**  
**Report Title:** **Benefit Fraud Annual Report 2010-11**  
**Report Author:** **Investigation and Visiting Manager**



<b>Summary:</b>	This report provides a brief introduction to the work of the Benefit Fraud and Visiting Team and sets out a summary of the Team's work for the financial year 2010-2011
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**Key Decision:** No

**Affected Wards:** Not applicable

**Recommendations:** **The Audit Committee be asked to:-** note the content of the report

**Policy Overview:** Not applicable

**Financial Implications:** None

**Risk Assessment** The Benefits Fraud and Visiting Team's primary role is the prevention and detection of benefit fraud and therefore it contributes to the overall risk management environment through the work it undertakes.

**Equalities Impact Assessment** None

**Other Material Implications:** None

**Exemption Clauses:** None

**Background Papers:** None

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## **Report Title: Benefit Fraud Annual Report 2009/2010**

### **Purpose of the Report**

1. To keep Members updated on the role of the Benefit Fraud and Visiting Team and the officers who make up the team.
2. To provide a summary of the work and activities of the Team for the Financial Year 2010/11.

### **Issue to be Decided**

3. Members to note the report

### **Background**

4. This is the second report to the Audit Committee relating to the work of the Benefits Fraud and Visiting Team.
5. The primary role of the team is the prevention and detection of benefit fraud. It is appropriate that the Audit Committee, under its Terms of Reference, is aware of both the role and work of this team.
6. Ashford Borough Council pays out over 30 million pounds a year in benefits on just under 10,000 claims.

### **The Benefit Fraud and Visiting Team**

7. The Benefits Fraud and Visiting Team forms part of the Revenues and Benefits Section. The team 'establishment' comprises:

Investigation and Visiting Manager  
1 x Investigation Officers  
1 x Investigation Officer (Vacant Post)  
2 x Generic Visiting Officers  
1 x Clerical Support Officer

### **Working in Partnership**

8. The Team works closely in partnership with several other agencies. Specifically the Council has a joint working partnership with the Pension Services who undertake visits to Ashford Pensioners 4 days a week to assess cases and entitlement of the benefit being paid. In addition the Team has a good working relationship with the Department of Works and Pensions (DWP) which ensures that all investigations are made jointly and where appropriate the correct sanction for the totality of the fraud is applied.
9. The Team works in conjunction with the Community Safety Unit, attending meetings, joining operations and sharing intelligence within the CSU meetings and whilst working from the office on a regular basis. This encompasses all

areas regarding prevention of crime and where intervention is required across the borough.

## How Benefit Fraud is Detected and what was investigated in 2010/11.

10. Referrals to the team are received from a number of sources. For the financial year 2010/11 446 referrals were received from the following sources

Source	Number of Referrals
Anonymous	54
Benefits	89
Visits	28
Housing Benefit Matching Service	37
Department of Work & Pensions	72
Housing	23
Local Tax Team	9
Landlords	7
Customer Contact Centre	39
Hotline	33
Other Council Departments	15
Police	5
National Fraud Initiative	4
Other	31
<b>Total</b>	<b>446</b>

11. Of these:
- 192 Investigation files were raised.
  - 80 were rejected and referred to the DWP.
  - 66 were rejected and passed for a compliance visits
  - 108 were rejected as 'No Fraud' or 'not feasible' for investigation.
12. The Teams 'success' can be measured on the number of sanctions (cautions, administrative penalties or prosecutions) from the resulting investigation, which would also determine the value of any overpayment in benefit.
13. Overpayment of benefit is of course recoverable and this is also a very important area as it affects the level of subsidy the Council receives from Central Government. If a fraud is detected resulting in an overpayment then 60% of the amount subsequently recovered must be paid back to Central Government. The remaining 40% or part thereof can be retained by the Council and can be seen as an 'income.'
14. Fraudulent overpayments are notoriously hard to collect. The value of overpayments for 2010/11 was £948,492 with a collection rate of 78.04%.
15. A strong focus of the team is in preventing fraud, which cannot be specifically measured, but is a very important part of the Team's role. Every fraud that is stopped from entering the system reduces the likelihood of an overpayment occurring and that would need to be recovered.

16. Due to the Council's thorough procedures for assessing benefit applications, Ashford continues to have low level of overpayments compared to neighbouring authorities, resulting in less resource being required to recover overpayments.
17. Although the Council cannot publicise all it's sanctions, those cases which go to court are highlighted publically through the local press; this both raises the profile of the Team's work while sending out a deterrent message. Those cases referred to court during the 2010/11 financial year are summarised below:

Case no.	Fraud Type	Result
2481	Income/Capital	Maidstone Crown Court Overpayment >1k 100 hours Community Punishment Order and £1715.50 costs
2817	Income/Capital	Canterbury Magistrates Court Overpayment >£13k 12 mths Conditional Discharge and £700 costs
2532	Living Together	Folkestone Magistrates Court Overpayment >£26k 120 days Custodial Sentence on 2 charges
2795	Income	Ashford Magistrates Court Overpayment .£7k (including DWP benefits) Community Service and £100 costs *** CPO was revoked 3 mths later and a 2 year suspended sentence was given***
2725	Income	Ashford Magistrates Court Overpayment >£4k (including DWP benefits) 3 mths electronic tag and curfew and £100 costs
2664	Non residency	Ashford Magistrates Court Overpayment >£1k 2 years Conditional Discharge
2600	Living Together	Canterbury Magistrates Court Overpayment >£4k 100 hours unpaid work and £250 costs
2909	Childcare costs	Canterbury Magistrates Court Overpayment >£9k 18 mths Community Order and requirement to undertake supervision and £250 costs
2526	Income	Ashford Magistrates Court Overpayment >£1k £200 fine, £600 costs and £15 victim surcharge
2385	Income	Ashford Magistrates Court Overpayment >£8k (including DWP benefits) 300 hours Community Order and £80 costs
1964	Living Together	Canterbury Magistrates Court Overpayment >£10k (including DWP benefits) 140 hours Community Punishment Order and £500 costs

2219	Living Together	Ashford Magistrates Court Overpayment >£4k (including DWP benefits) 3 years Conditional Discharge and £250 costs
3059	Income	Ashford Magistrates Court Overpayment >£2k (including DWP benefits) 60 hours unpaid work
2828	Income	Ashford Magistrates Court Overpayment >£6k (including DWP benefits) Community Service and £150 costs

18. Other sanctioned cases and interesting figures from the Team's work are set out below.

No. of cautions administered	28
No. of Administrative Penalties administered	3
No. of successful prosecutions	14
Overpayments due to sanctioned cases (£)	£140,729.46
Administrative Penalties Collected (£)	£1,348.30

### **Data Matching - National Fraud Initiative Exercise (NFI)**

19. The National Fraud Initiative is a biennial exercise run by the Audit Commission which all local authorities are required to participate in. The exercise matches electronic data within and between audited bodies (which extends to local authorities, police authorities, local probation boards and fire and rescue authorities) to prevent and detect fraud.
20. A key area from this exercise has been to highlight potential fraudulent matches relating to benefit payments. The Benefits Fraud and Visiting Team has always investigated these matches to a very high level to ensure high risk cases are dealt with accordingly and to put into place any preventative measures against fraud.
21. This exercise has identified only a relatively low level of cases where error or fraud has occurred and the results provides assurance that the procedures in place afford appropriate safeguards.

### **Data Matching - Housing Benefit Matching Service (HBMS)**

22. The Housing Benefit Matching Service is a monthly data matching exercise provided by the Department of Works and Pensions (DWP) that matches Housing Benefit data with DWP benefit data to advise of changes to claims between the systems that may affect entitlement to Housing Benefit.

### **Visiting**

23. The Visiting Officers make customer visits in cases that are identified as likely to have a change of circumstance. This proactive action helps to ensure that changes are identified promptly so that the claim can be corrected to mitigate the risk of an overpayment occurring. These visits are also used to remind claimants of their ongoing obligations to notify the Council of change of circumstances.

24. The Visiting Officers also conduct visits in relation to Council Tax and Non Domestic Rates to ensure that revenue is maximised. In the present climate this is a high risk area with many customers looking at ways to avoid paying and fraudulently claiming discounts and exemptions.

## **Fraud Awareness Training**

25. The Benefit Fraud and Visiting Team provide annual fraud awareness training to Benefits Assessment staff, Council Tax staff, Customer Service Advisors and staff within Housing. The level of training ranges from general awareness training to in depth mock investigations and interviews. In 2010/11 training was also providing to PCSO's and Community Wardens. It is also planned for frontline staff dealing with homeless applications to receive specific fraud awareness training to assist in preventing fraudulent applications in this area entering the system.

## **Record Retention Policy**

26. All investigation records are kept for 18 months after the closed date for annual audit purposes. All records are then destroyed in line with the Criminal Procedures Investigatory Act 1996 (CPIA).

## **RIPA**

27. RIPA (Regulation of Investigatory Powers Act) is used on cases where there is substantial circumstantial evidence suggesting a fraud causing a great loss to the public purse is occurring. Surveillance is evidence that is given greater credibility in court as it is real time evidence and supports the prosecution in its case when proving beyond reasonable doubt that the fraud has been committed. RIPA is an essential part of an Investigators tool kit, without which, many of our more professional fraudster will remain undetected and unpunished. The cases where RIPA was necessary to uncover the facts are indicated above and can clearly be seen as the larger frauds. It would have great impact on the public purse if these were not investigated, stopped and prosecuted.

## **Tenancy Fraud**

28. The Investigation Team have recently completed a six month pilot on Tenancy Fraud. (October 2010 to March 2011). This was funded by a central government grant that was ring fenced for Tenancy Fraud. The Housing Department received £10,000 to advertise and investigate this area. A separate report is being compiled and results collated to be completed and passed to Management Team by the end of June 2011. Initial findings have shown that out of 15 cases investigated 7 were found to be fraudulent. From the findings of the pilot and in line with the SIMALTO responses highlighting Social Housing, the Investigation Team have suggested that this as an area of priority for Ashford Borough Council.

## **What Next?**

28. The government have announced that from April 2013 there will be one Single Fraud Investigation Service (SFIS) to investigate all benefit fraud. This will comprise of Department of Work & Pensions, HMRC and all Local Authorities. Full details of the service and impact are unknown.
29. More in depth cross departmental working, a corporate view on investigations and enforcement. All skills to be shared to ensure that the commitments of the 5 year plan are met and the best use of resources applied across the whole of the council.

## **Risk Assessment**

30. The work of the Benefit Fraud and Visiting Team is vital in the mitigation of risk from fraud and error to the significant sums paid by the Council in Benefit.

## **Other Options Considered**

31. Not applicable

## **Conclusions**

32. Not applicable

## **Portfolio Holder's Views**

30. Not applicable