

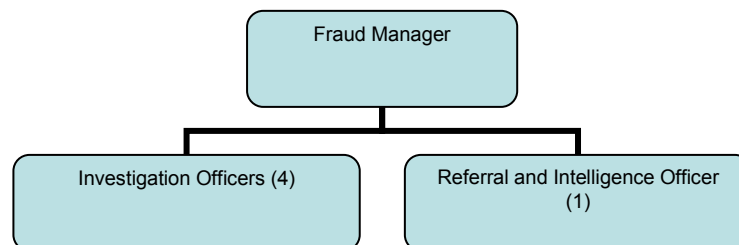
## HOUSING BENEFIT FRAUD INVESTIGATION ACTIVITY (Report by Head of Customer Services)

### 1. INTRODUCTION

- 1.1 This report provides a summary of the activity of the Benefits Fraud Investigation Team, part of the Benefit Service, over the past three years.
- 1.2 HDC pays housing and council tax benefit to over 8,000 residents in the district each year. In 2007/2008 £29,000,000 Housing and Council Tax Benefit was paid to residents.
- 1.3 DWP estimates of loss<sup>1</sup> due to fraud and error amount to 5.5% of the national Housing Benefit (HB) spend. Loss in fraud amounts to an estimated 1%. For HDC this indicates a potential annual loss through fraud of £290,000 and a further £1,600,000 in error.
- 1.4 The Fraud Team undertakes investigation of allegedly fraudulent applications for housing benefit and council tax benefit. This work complies with various legislative requirements such as PACE, CPIA, RIPA, CJA, SSAA and the Fraud Act 2006<sup>2</sup>. The council has a duty under s.151 of the LGFA to protect the public purse.
- 1.5 As well as undertaking investigations into fraudulent benefit claims, the Team, due to recent changes in the delegated functions, now conduct investigations into fraudulent housing applications received by HDC and council tax discounts and exemptions made by local taxation customers.

### 2. The Team

- 2.1 As noted above the Team form part of the Benefit Service and have the following structure.



<sup>1</sup> See DWP reports- 'Action plan for tackling fraud and error in Housing Benefit and Council Tax Benefit. 2008' and 'Reducing Fraud in the Benefit System 2007'.

<sup>2</sup> Police and Criminal Evidence Acts, Criminal Procedures and Investigations Acts, Regulation of Investigatory Powers Acts, Criminal Justice Acts, Social Security Administration Acts, Local Government Finance Act 1988.

- 2.2 All officers in the Team are required to be accredited counter fraud specialists and undergo regular and frequent refresher training in advanced criminal investigations and specialist anti-fraud techniques.
- 2.3 The Team undertake over 300 taped interviews with persons suspected of fraud each year. The interviews are conducted at the council's offices, DWP offices and police stations.
- 2.4 The Team conducts its own prosecutions instructing HDC Legal Services as well as external solicitors and barristers to act in its cases.
- 2.5 The Team includes officers authorised to obtain information from banks, employers, utility companies, HMRC & communication providers.
- 2.6 The Team acts as HDC's Single Point of Contact for obtaining information from communication providers in accordance with Regulation of Investigatory Powers Act.

### **3. Activity and Performance 2005-2008**

- 3.1. Each year the Team receives referrals of alleged fraud from a wide variety of sources including the public, council staff, the police and other government agencies. Not all cases are investigated either due to the poor quality of referrals or due to some reports being deemed as malicious or irrelevant.
- 3.2. HDC subscribe to two Data Matching schemes. A monthly match is conducted with the DWP (Housing Benefit Matching Service) using their own and HMRC records, and a bi-annual exercise is undertaken through the Audit Commission's 'National Fraud Initiative'. This includes cross matching of staff salaries and members allowances against various other databases, including housing benefits.
- 3.3. The Team works in very close partnership with investigators from the DWP, approximately 30% of all cases involve this type of joint investigation. The team also works with the police, Customs and Borders Agency, HMRC and the NHS on a daily basis.
- 3.4. The council has in place policies to conduct sanctions of those people found to have committed offences against HDC which involve fraud, deception and theft. Every case is treated on its own merits and punitive action only considered where it would be in the public interest. Accordingly many incidences of fraud do not involve prosecution. However, where there has been a financial loss to HDC, recovery of the debt is always pursued.
- 3.5. Reported frauds by year

Year	Referrals	Cases accepted for investigation
2005/2006	989	435
2006/2007	909	370
2007/2008	693	353

- 3.6. Outcomes of investigations closed in year are shown in the table below. These vary from those commenced due to the length of time it takes to investigate a case.

Year	Cases closed	Cases Proved	% Success	Value of overpayments
2005/2006	395	244	62%	£570,000
2006/2007	412	279	67%	£470,000
2007/2008	408	275	67%	£550,000

As well as the overpayments of benefits identified in the fraud investigation, future (potentially ongoing) overpayments are prevented by reducing or cancelling the original benefit claims. The amount of these further overpayments exceeds the amount shown above.

- 3.7. Sanction activity

Year	Cases selected for sanction	Type of sanction		
		Cautions	Administrative penalties	Prosecutions
2005/2006	132	61	38	33
2006/2007	109	15	60	34
2007/2008	125	14	61	50

Cases are selected for sanctions in accordance with the council's fraud and prosecution policy. Those over £2000 are considered by the Head of Service. Not all proven cases result in a sanction, for example, those which are considered not to be in the public interest (perhaps due to ill health, lack of funds, full repayment).


## 4 Recommendation

- 4.1 it is recommended that the Panel

Note the work of the Benefit Fraud Team; and  
Receive an annual report on the work of the Benefit Fraud Team

## BACKGROUND INFORMATION

The Social Security Administration Act 1992, as amended.  
The Fraud Act 2006  
Police and Criminal Evidence Act 1984  
Criminal Procedures and Investigations Act 1996  
Local Government Acts 1972, as amended  
Local Government Finance Act 1992, as amended  
Housing Act 1996  
HDC- Anti-Fraud and Corruption Strategy

**Contact Officer: Julia Barber – Head of Customer Services**  
 **01480 388105**

