

**REVIEW OF HOUSING BENEFIT FRAUD INVESTIGATION ACTIVITY &  
THE COUNCIL'S WHISTLEBLOWING POLICY  
(Report by the Head of Customer Services  
and the Audit & Risk Manager)**

**1. INTRODUCTION**

- 1.1 This report provides
- a summary of the activity of the Benefits Fraud Investigation Team for 2009/10; and
  - the annual review of the whistleblowing policy and guidance and summarises the matters raised in the last year.

**BENEFITS FRAUD INVESTIGATION TEAM**

**2. BACKGROUND**

- 2.1 The Council currently pays housing and council tax benefit to over 9,500 residents in the district. In 2009/10 Housing and/or Council Tax Benefit in excess of £37m was paid.
- 2.2 The DWP estimates of the loss<sup>1</sup> due to fraud and error amounts to 5.5% of the national Housing Benefit spend. Loss in fraud amounts to an estimated 1.0% of overall national benefit expenditure. This indicates a potential annual loss to the Council through fraud of £370k and a further £1.66m in error.
- 2.3 The Team undertakes investigation of allegedly fraudulent applications for housing 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 FRAUD TEAM**

- 2.4 The Team consists of six staff. All are required to be accredited counter fraud specialists and undergo regular and frequent refresher training in advanced criminal investigations and specialists anti-fraud techniques.

---

<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

- 2.5 The Team undertake over 300 taped interviews with persons suspected of fraud each year. These interviews can be conducted at the Council's offices, Police Stations or at the DWP's offices.
- 2.6 The Team conduct their own prosecutions only instructing external solicitors and barristers to act in the event of trials or more complex cases.
- 2.7 The Team acts as the Council's Single Point of Contact for obtaining information from communication providers in accordance with The Regulatory Investigatory Powers Act 2000.
- 2.8 Revenue raised by the Team through government subsidy, fines imposed, costs awards and compensation orders currently makes the Team entirely cost neutral to the authority. In 2009/2010 the Council realised a small surplus from its activities.

### **3. ACTIVITY & PERFORMANCE 2009/10**

- 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 The Council subscribes to two Data Matching schemes. A monthly match is conducted with the DWP (HBMS) using their own and HMRC records and a bi-annual exercise is undertaken through the Audit Commissions 'National Fraud Initiative'.
- 3.3 The Team also use commercial data matching software. This allows data from a number of Council services to be matched to identify potential fraud and error affecting benefits as well as other Council services.
- 3.4 Approximately 30% of all cases are undertaken in close partnership with investigators from the DWP. The Team also works with the Police, Customs & Borders Agency, HMRC and the NHS on a daily basis.
- 3.5 The systems that are now in place have led to an increase in the number of cases of fraud/error being identified. However due to improved use of the data available, fraudulent claims are being identified sooner than they were, which has also allowed investigations to be undertaken sooner. Consequently, for the first time in a number of years, there has been a fall in the amount of overpaid benefits identified per case investigated. This indicates that the Council's systems to detect fraud/error quickly are effective and that the right cases are being selected for investigation, resulting in less money being lost through fraud.

### Reported frauds by year

Year	Referrals	Cases accepted for investigation
2007/2008	693	353
2008/2009	744	440
2009/2010	810	375

### Outcomes of investigations

Year	Cases investigated	Cases Proved	% Success	Value of overpayments
2007/2008	408	275	67%	£550,000
2008/2009	354	242	69%	£629,000
2009/2010	400	277	69%	£520,000

*The value of the overpayments prevented each year by investigations exceed the level of benefits overpaid.*

### Sanction activity

Year	Cases selected for sanction	Cautions	Administrative penalties%	Prosecutions
2007/2008	125	14	61	50
2008/2009	115	16	50	49
2009/2010*	87	10	42	35

*\* Estimate based on actual and pending cases at 22<sup>nd</sup> March 2010*

- 3.6 Polices are in place to conduct sanctions against those people found to have committed offences 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. Many incidences of fraud do not involve prosecution. However, where there has been a loss to the Council recovery is always pursued.

## 4. NEW WORK AREAS

- 4.1 As well as undertaking investigations into fraudulent benefit claims, the Fraud Team have also been responsible for a number of years for conducting investigations into fraudulent housing applications received by the Council, council tax discounts and exemptions made by local taxation customers.
- 4.2 From June 2010 the Fraud Team took on the role of pursuing hard to collect debts resulting from benefit overpayments, which are in the main, fraudulent overpayments. The initial findings from this exercise are very promising and will be reported in more detail in future years.

- 4.3 A pro-active exercise has also begun into the claims submitted by agency workers for housing benefit, who obtain work through employment agencies. .
- 4.4 A pilot scheme with the Luminus Group is underway, allowing the Fraud Team to not only access tenancy data and identify potential benefit fraud sooner, but also lead investigations into unlawful sub-lets. The pilot has recently been extended to another Housing Association.
- 4.5 Funding for the projects mentioned in 4.2 to 4.4 has been provided by either the DCLG or the DWP.

## **WHISTLEBLOWING**

### **5. ANNUAL REVIEW**

- 5.1 The whistleblowing policy and guidance are reviewed annually to ensure they continue to be fit for purpose.
- 5.2 The policy was introduced to allow any employee, contractor or member of the public the opportunity to report, without fear of victimisation, a serious or sensitive concern (e.g. a potential fraud or corrupt act, any danger to health and safety or the mistreatment or abuse of any customers, particularly children).
- 5.3 This year's review of the policy and guidance has been completed and no changes are proposed. Both documents are available on the Council's website and intranet.
- 5.4 The review did however highlight the need for further clarification on the Council's internal arrangements for protecting and supporting staff when additional information is necessary to fully investigate an item they have raised. This has been carried out and will be published on the intranet.

### **6. MATTERS RAISED**

- 6.1 Employees and customers have a number of ways to raise whistleblowing concerns. These include an internet form, a specific email address and a dedicated 24 hour telephone.
- 6.2 19 items have been received in the following areas:
- housing and council tax benefit and NNDR claims (11)
  - planning enforcement (3)
  - housing tenancy issues (2)
  - staff issues (2)
  - referred to an external organisation (1)

13 of the concerns were made anonymously.

6.3 The two issues referring to staff were in different service areas. One investigation led to a member of staff being dismissed, the other is on-going.

## **7. RECOMMENDATION**

- 7.1 It is recommended that the Panel
- note the work undertaken in respect of benefit fraud
  - note that the annual review of the whistleblowing policy and procedure has been undertaken.

## **BACKGROUND INFORMATION**

The Social Security Administration Act 1992, as amended (SSAA)  
The Fraud Act 2006  
Police and Criminal Evidence Act 1984 (PACE)  
Criminal Procedures and Investigations Act 1996 (CPIA)  
Regulation of Investigatory Powers Act 2002 (RIPA)  
Local Government Acts 1972, as amended  
Local Government Finance Act 1992, as amended (LGFA)  
Housing Act 1996  
HDC : Anti-Fraud and Corruption Strategy  
Whistleblowing Policy & Procedure  
Whistleblowing allegations received

### **Contact Officer:**

**Julia Barber - Head of Customer Services ☎ 01480 388105**  
**David Harwood - Audit & Risk Manager ☎ 01480 388115**