

**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 2011/12; 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 10,000 residents in the district. In 2011/2012 housing and/or council tax benefit in excess of £43.5m was paid.
- 2.2 The Dept for Work & Pensions (DWP) estimates of the loss¹ due to fraud and error in 2011/12 amounts to 4.4% of the national housing benefit spend. Loss to fraud amounts to an estimated 0.7% of overall national benefit expenditure. If these estimates were applied to the Council's benefit spend it would indicate a potential maximum annual loss at HDC of £1.9m of which £304k would be attributable to fraud . This report only deals with overpayments classified as fraud.
- 2.3 The team undertakes investigation of allegedly fraudulent applications for housing, council tax benefit, council tax exemptions & discounts and housing applications. This work complies with various legislative requirements such as PACE, CPIA, RIPA, CJA, SSAA and the Fraud Act 2006².

¹ **Fraud and Error in the Benefit System: Preliminary 2011/12 Estimates** DWP Website- http://statistics.dwp.gov.uk/asd/asd2/fem/nsfr-final-170512_revised.pdf

² Police and Criminal Evidence Acts, Criminal Procedures and Investigations Acts, Regulation of Investigatory Powers Acts, Criminal Justice Acts, Social Security Administration Acts

THE FRAUD TEAM

- 2.4 The team consists of seven staff. All are required to be accredited counter fraud specialists and undergo regular and frequent refresher training in advanced criminal investigations and specialist anti-fraud techniques.
- 2.5 The team undertake over 300 taped interviews with persons suspected of fraud each year. These interviews are conducted at the Council's or DWP offices. They are normally voluntary but on occasion the team are involved in the arrest of suspects and subsequent interviews at police stations
- 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 according with The Regulatory Investigatory Powers Act 2000.
- 2.8 Revenue raised by the team through government subsidy, fines imposed, costs awards and compensation/recovery orders currently makes the team entirely cost neutral to the authority. In 2011/2012 the Council realised a small surplus from the activities of the fraud team.

3. ACTIVITY & PERFORMANCE 2011/12

- 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 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 (Housing Benefit Matching Service) using their own and Revenue and Customs 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. Work is also conducted with a number of Registered Housing Providers.

Reported frauds by year

Year	Referred cases	No of cases accepted for investigation ^a
2009/2010	810	400
2010/2011	1287	463
2011/2012	1235	384

^a Cases which are not selected for investigation may be passed to other agencies or resolved by the relevant HDC Department without the need for a criminal investigation.

Outcomes of investigations

Year	No of cases investigated & closed	Cases Proved	% Success	Value of overpayments recovered ^b
2009/2010	400	277	69%	£520k
2010/2011	463	293	63%	£396k
2011/2012	384	255	66%	£494k

^b Whilst the table above shows the value of overpayments recovered from successful investigations, it does not include the potential future savings that have been made from identifying frauds. The weekly reduction in benefit saved was £12k, which using the DWP estimate of 32 weeks (savings as a result of benefit being reduced or stopped) gives further savings of £384k.

Sanction activity

Year	Cases selected for sanction	Cautions	Administrative penalties	Prosecutions
2009/2010	87	10	42	35
2010/2011	97	23	41	33
2011/2012	93	7	38	48

- 3.5 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 team also investigates fraudulent housing applications received by the Council, council tax discounts and exemptions made by local taxation customers.
- 4.2 From June 2010 the team took on the role of pursuing “hard to collect” debts resulting from benefit overpayments, which are in the main, fraudulent overpayments. Since June 2010, 768 such debts had been passed to the team. Of those debts 484 have been paid, secured or the debtor had entered into agreements to repay a total of £436k. This has created an additional income stream of £9.5k per month and seen the recovery rate of housing benefit debt increase from 29% to 40%.
- 4.3 A pilot scheme with Luminus Group commenced in early 2010 to identify unlawful use of Social Housing has been further expanded to include Muir Group Housing Association and Minster Housing Associations. This work, centred on a joint exchange of data between agencies with investigations being led by the team and has led to the recovery of 22 social housing properties.

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 by the Internal Audit & Risk Manager. No changes are proposed. Both documents are available on the Council’s website and intranet.
- 5.4 Publicising the policy and guidance in a cost effective way has become more difficult since the demise of DistrictWide. Information has been included in the Council Tax booklet along with publicity on the website. Posters are also displayed in the main civic and operational buildings.

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 32 allegations covering a wide range of areas have been received through the whistleblowing channels in the period December 2011 to November 2012. They fall into the following categories:
- housing and council tax benefit (11)
 - service issues (1)
 - enforcement (4)
 - social housing (6)
 - employee's & elected members (8)
 - referred to an external organisation (2)

17 of the concerns were made anonymously.

- 6.3 All eight allegations made against employees or elected members have been investigated.

Disciplinary action has been taken in one case and no issues of wrongdoing identified in the other seven allegations.

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 and that no changes are required to either document.

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)

ONS Report 12 July 2011 DWP Fraud and Error in the Benefit System

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

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