

Southend-on-Sea Borough Council

Report of Corporate Director Support Services
to

Audit Committee

on
22nd June 2010

Agenda
Item No.

Report prepared by: Pam Bath - Group Manager-Investigation

Housing Benefit Investigation Team Progress Report 20010/11

Executive Councillor: Councillor Moring

A Part 1 Public Agenda Item

1. Purpose of Report

To report on the work carried out by the Team for the period April 2010 to March 2011.

2. Recommendation

That the progress report be accepted.

3. Background

3.1 Corporate Fraud/Housing Benefit

In order to further strengthen the Council's overall Anti Fraud and Corruption arrangements, the remit of the Housing Benefit Investigation Team has been extended. It is now the Corporate Fraud Team responsible for investigating all fraud and corruption allegations whilst still majoring on Housing Benefit Fraud. The Corporate Fraud Team is now part of the Finance and Resources Department. Having a Corporate Fraud Team reinforces the corporate stance of zero tolerance to fraud and corruption. It also ensures that investigations are undertaken by appropriately qualified staff.

3.2 Robust processes are in place to safeguard the gateway to Housing and Council Tax Benefit and ensure that so far as possible claimants are genuine and are entitled to receive benefit. These processes can highlight cases which require further investigation, for example, failure to declare all sources of income. In addition, referrals are received from the public, from Benefit staff and from data matching exercises carried out by Government agencies.

3.3 Where fraud is detected a number of sanctions are available. If there has been an admission of guilt, a caution or an administrative penalty

amounting to 30% of the wrongly claimed benefit can be administered. In more serious cases or where there is evidence of fraud but no admission of guilt, the claimant will be prosecuted.

4. Performance

4.1 There are a number of Best Value Performance Indicators (BVPIs) which relate to the work of the Investigation Team and performance in relation to these is shown in the following table (also see attached **appendix 1** for further details on performance):

BVPI	2010/11 Target	2010/2011 Results	2011/2012 Targets
76(b) Number of fraud investigators employed	7	5	7
76(c) Number of fraud investigations completed	485	485	485
76(d) Number of successful prosecutions and sanctions	65	78	65

4.2 Of the 78 sanctions achieved so far this year are 17 Cautions, 43 Administrative Penalties and 18 successful Prosecutions with sentences ranging from Community Punishment Orders to 24 months conditional discharge. Overpaid Housing Benefit amounting to £359,727 has been identified.

4.3 A majority of these sanctions resulted from the Housing Benefit Data Matching Service and referrals from the Benefit's assessment staff. A large number of the frauds were as a result of claimants failing to declare income from other sources including:

- Failure to advise of awards or increases in Tax Credits.
- Working and failing to declare receipt of income.
- Failure to declare capital.

4.4 As a deterrent to others considering fraud, any successful prosecutions are publicised in the local press to emphasise the Council's determination not to tolerate fraudulent claims.

5. Joint Working

5.1 The team have jointly investigated 52 cases with the Fraud Team from the Department for Work and Pensions so far and a further 22 cases are still on going. These are cases where there is suspicion of a fraudulent claim for a DWP benefit such as Jobseekers Allowance as well as Housing Benefit.

6. Corporate Implications

6.1 Resource Implications (Finance, Property, People)

The team work within their approved budget and help to avoid loss of resources by preventing and detecting fraudulent benefit claims.

6.2 Contribution to the Council's Vision and Critical Priorities

The team contribute to the Corporate Aim of being "An Excellent Council" and the Corporate Objectives of "Becoming a High Performing Organisation".

6.3 Consultation

None undertaken.

6.4 Equalities Impact Assessment

The work of the Investigation Team was assessed as part of the published Equalities Impact Assessment for the Revenues and Benefits service.

6.5 Risk Assessment

Failure to operate an effective counter-fraud services would increase the risk of loss to the public purse and damage the reputation of the Council.

6.6 Value for Money

The Investigation Team reduce the risk of loss of resources through fraud.

6.7 Community Safety Implications and Environmental Impact

Criminal activity is prosecuted where appropriate.

7. Background Papers

7.1 Case papers held in the Housing Benefit Investigation Team.

8. Appendix 1



CORPORATE FRAUD INVESTIGATION TEAM

PERFORMANCE REPORT 2010 / 2011 (APPENDIX 1)

June 2011

TARGETS 2010 - 2011

The targets for CFIT for the year 2010 – 2011 were set to achieve the following:

- 65 Sanctions
- Conduct 4 Pro-active exercises
- Investigate 485 cases

To also have more input and resources available to:

- Increase the amount of anonymous allegations investigated
- Investigate more Living Together referrals
- Improve on the amount of interventions made in respect of referrals received relating to non sanction suspicions, which links directly to the above points

PERFORMANCE

Throughout the year the team's focus and direction changed on a number of occasions. The major one being that the section took on the role of a new remit to set up and investigate 'Corporate fraud'. We also lost the assistance of an Agency Investigation Officer who was not replaced, and had an Officer on Maternity leave until January 2011.

The 2011 National Fraud Initiative download was also received, for which resources from the existing team had to be found, as there was no available assistance from agency officers.

There was also the news from the Department for Work and Pensions that 'Universal Credit' would be a new encompassing benefit system which will incorporate the administration of the Housing Benefits system and fraud investigations. The date for introduction, in relation to the DWP taking overall responsibility for fraud investigations, has been advised as of 1st April 2013.

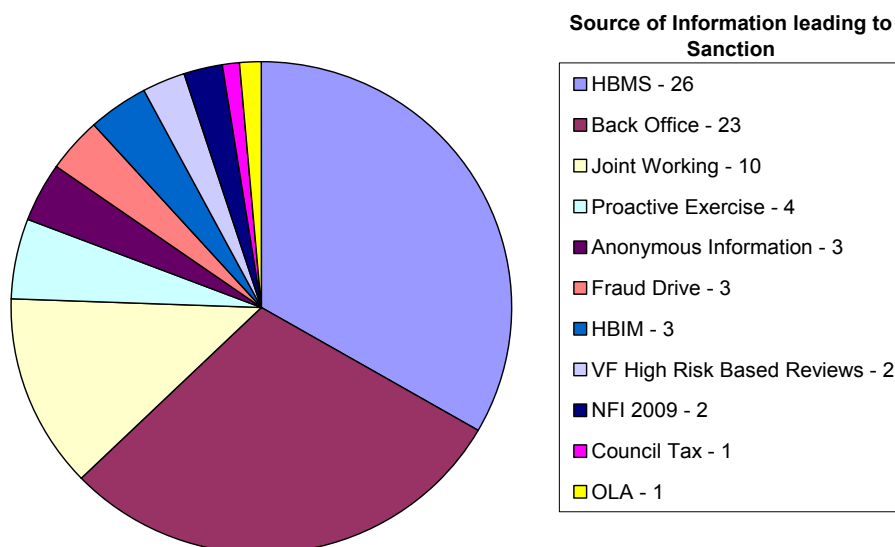
ACHIEVEMENTS

The team achieved 78 sanctions for the year, broken down as follows:

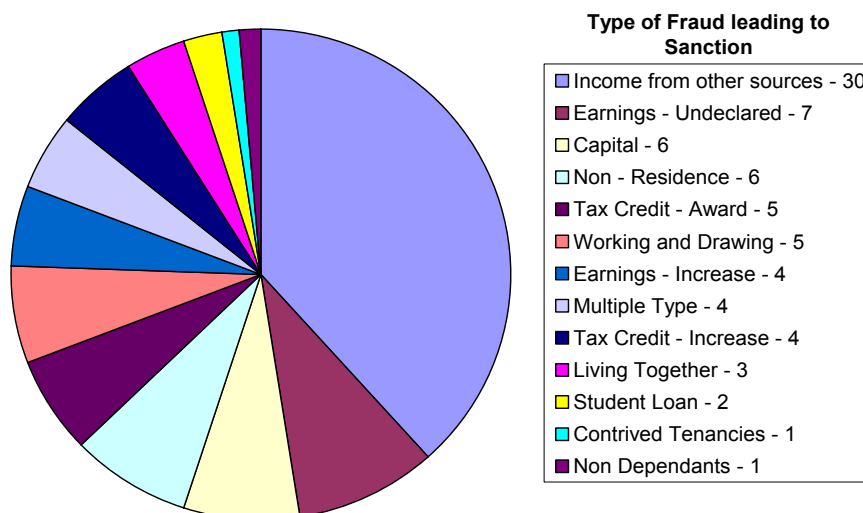
- 18 Prosecutions – Compensation Orders - £4,870.26
- 43 Administration Penalties - £17,967.90
- 17 Formal Cautions
- 24 Summonses

These can be further disseminated to show from where the referrals and types of fraud were identified:

78 Sanctions 2010/11



78 Sanctions 2010/11



PRO-ACTIVE EXERCISES

The team conducted four pro-active exercises which were as follows:

- Operation 'Carry on Nursing': Working and Claiming
- Operation '3 Night Rule': Living Together
- Operation 'Notorious' : JSA's Ceasing – Income from other sources
- Operation '2 in a Bed': Living Together

The pro-active exercises were selected from reviewing the previous year's referrals and 'national trends'. The team also needed to be a more "visible" force, within the borough, rather than spending a large amount of time on 'desk based led' investigations. Therefore, the aim was **not** to generate sanctions from these investigations. The aim was to re-educate customers to ensure that they were fully aware of the conditions required to be in receipt of benefits, their responsibilities to report relevant changes and to review and re-address, if necessary, their current circumstances. There still remains some ongoing investigations.

The figures to date are as follows:

- 115 cases raised to investigate
- 4 sanctions achieved – 2 Administration penalties pending, 1 case pending criminal action
- 37 Visits with statements taken
- 43 Informal interviews
- 14 Interviews Under Caution conducted
- 6 cases where a partner was declared
- 7 cases where the claim was withdrawn in its entirety
- 26 cases where claimant error had been identified
- Overpayments identified totalling £29,237.22

The objective of the exercises was achieved, even though these were resource intensive and time consuming.

During the period of the two Living Together exercises, it was noted that allegations of Living Together increased. We believe this to be a direct result of the team's proactive public presence within the borough and through 'word of mouth'.

INVESTIGATED CASES

485 cases were investigated where initial background checks were made and further investigations conducted if warranted.

The outcome of the seven highest categories of closed cases were as follows:

- 173 Cases No Change
- 105 Cases Claimant Error
- 49 Cases No Change/Suspicion
- 43 Administration Penalties
- 27 Compliance Visit No Change
- 18 Prosecutions
- 17 Formal Cautions

‘ANONYMOUS INFORMATION’ AND ‘LIVING TOGETHER’ REFERRALS

We received a total of 351 anonymous information reports, of which a large majority would be in relation to the category fraud type from the reported 242 Living Together cases, our highest category of referrals for the year.

The anonymous information referrals were broken down from the following sources:

- 278 From phone calls or written information directly to the team
- 40 Direct from the website e-mail address
- 23 Department for Work and Pensions National Hotline
- 10 Recorded reportline

Of those where we could identify a claimant in receipt of benefits and the allegation supported a discrepancy or suspicion from the records we held, the following actions were undertaken:

- 65 Visits conducted
- 18 Informal interviews
- 3 Interviews under Caution
- 115 Cases were referred to the DWP as Primary benefit was in payment, some of which would have been returned offered for Joint working
- 126 Cases were rejected either due to no claim to benefit, no change required, unable to locate individual or not in our area, etc
- 18 Cases were allocated to the Pro-active exercises

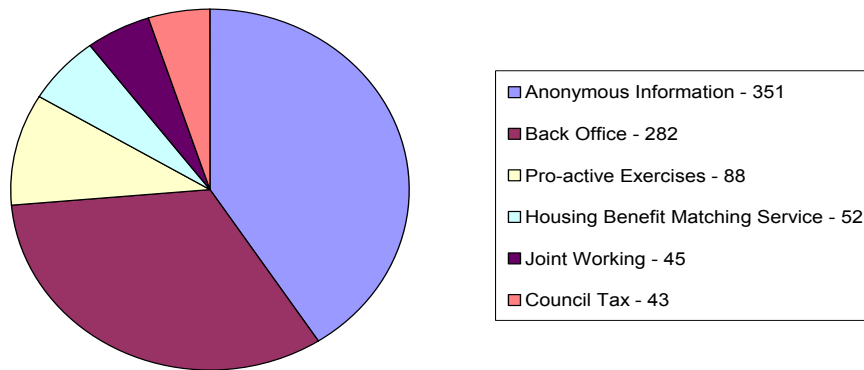
Allegations relating to ‘Living Together’ still appear to be a national trend for the highest levels of referrals received to both Local Authorities and the Department for Work and Pensions. The DWP will still be maintaining a separate sanction target to achieve solely from ‘Living Together’ referrals.

REFERRALS

We received a total of 969 referrals this year. They were disseminated in the highest top 6 data sources:

- 351 Anonymous Information – Public & DWP Hotline
- 282 Back Office
- 88 Pro-active Exercises
- 52 Housing Benefit Matching Service
- 45 Joint Working
- 43 Council Tax

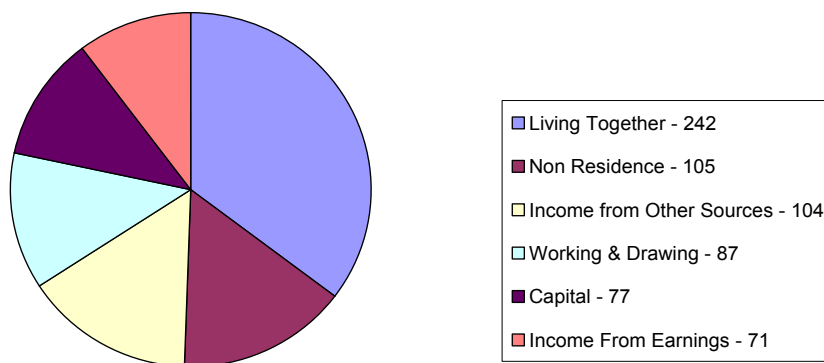
Information Source of Referrals 2010-11



Of those referrals, allegations related to:

- 242 Living Together
- 105 Non Residence
- 104 Income from Other sources
- 87 Working and Drawing [usually assessed on DWP benefits]
- 77 Capital
- 71 Income from Earnings - 25 Increase, 46 Undeclared

Type of Fraud Referred 2010-11



VISITS

Linked to the intention of the Pro-active exercises to become a more “visible” presence in the Borough, and also investigate more cases which were not indicators of sanctionable action, has resulted in a significant increase in visits undertaken:

Visits	Notified visits	Un-notified visits	Authorised Officer		Total
2009/10	14	135	0		149
2010/11	21	356	4		381

JOINT WORKING

For the current financial year, we have had 52 Joint working cases with the Department for Work and Pensions and of these 30 cases have been closed, resulting in:

- 3 Prosecutions
- 3 Administration Penalties
- 6 Formal Cautions

There remains 21 ongoing cases.

NATIONAL FRAUD INITIATIVE 2011

The current NFI dataload was received in April 2011, generically the timescales in which to complete the assessments is a two year period, however the Audit Commission do monitor progress and will highlight any areas where assessing of the data has not commenced.

Historically, data received from NFI has been poor and has not resulted in a significant number of cases to investigate or sanctions to administer. However in stating that, to assess the matches is highly resource intensive, results in a number of cases of ‘in house’ data cleansing being required and is reliant on other providers responding to enquiries.

We received the following matches:

2435 Matches broken down to:

- 1486 High
- 123 Medium
- 826 Low

Work has commenced on assessing the High matches. It has been noted already that there are a large number of incorrect data matches across the

board, due to the alphabetical numeric being omitted from the end of the National Insurance number.

- 245 Matches have been processed and closed. Enquiries made and either data cleansed or no issue found
- 30 Matches awaiting information to come back from other organisations
- 10 Matches raised as further investigation for more enquiries

We have already had a suspect arrested and detained, following initial enquiries with the Border Agency in relation to an illegal occupation. There appears to be more of these types of cases pending action.

PROSECUTIONS

There have been some notable prosecutions achieved through the courts, a summary of which is as follows for 2010/2011:

Lyla Turner – Mrs Lyla Turner, 53, of Central Avenue, Southend, is currently serving a 14-month jail sentence for hiding £77,000 savings while fraudulently claiming Housing and Council tax benefits.

At Basildon Crown Court on Wednesday 25th August she pleaded guilty to dishonestly claiming benefits worth £36,409.76 by making false statements to Southend-on-Sea Borough Council.

Mrs Turner filled out forms saying her capital was under £2,000, but investigations revealed she had funds which at one stage topped £99,000.

She failed to declare that she had bought a £33,000 static caravan, and she enjoyed regular pension payments whilst being paid benefit. Mrs Turner was not entitled to any of the housing and council tax benefit payments she received from 2001 to 2008.

Several times she sent letters pleading poverty, and on one occasion told the Council that times were desperate for her, although in reality she had £77,000 stashed away in savings. Mrs Turner transferred this sum to a new account, the day after writing to the Council to say she had closed the original account many years earlier.

Whilst claiming these benefits illegally, Mrs Turner took a number of holidays, bought two cars, and a holiday home.

Kris Kennedy –. On Tuesday 2nd November, Mrs Kris Kennedy, 60, was sentenced to a 100-hour community punishment order and ordered to pay £553.24 costs, after admitting nine benefit fraud offences which led to a £4,548 overpayment.

Mrs Kennedy, who has now fully repaid her illegally-obtained benefits, applied for Council Tax benefit despite having two bank accounts and £80,000 worth of capital she had failed to declare.

However, she was caught out by a data matching service. In October 2008 Mrs Kennedy was interviewed under caution by Council officers at Southend Civic Centre and confirmed that her actions were dishonest.

The interview was suspended so that her bank details could be obtained. However, when it resumed some months later, she walked out of the interview and later failed to attend court when summonsed. As a result, a warrant without bail was issued, Despite claims that Mrs Kennedy was staying in Thailand, she was finally traced to Romford.

Jamie Ridout – At Southend Magistrates Court, Jamie Ridout, 37, of West Avenue, Clacton, was jailed for 12 weeks after admitting dishonestly claiming benefits worth £5,209.47 from Southend-on-Sea Borough Council.

The court heard how Mr Ridout left his Southend address in January 2009, but handed over false documents, and phoned Southend-on-Sea Borough Council eight times between February and December last year, chasing housing benefit payments for his old home.

He failed to declare that from March last year he was at the same time also claiming Housing Benefit from Tendring District Council.

PENDING LEGAL ACTION

A further case will be heard in June, where Proceeds of Crime have been instigated. This case will link to other cases being raised, due to an intricate web of deceit which involves an extended family and their relatives. The investigation originally commenced relating to an NFI data match in respect of an undeclared Pension, however, enquiries have established three further separate claims which will require investigation action.

Three separate substantial overpayments - £12,675.03, £6,934.33 and £10,670.89 - have already been raised from the main investigation. Further offences have been pursued in relation to liability to pay rent and false documentation to support this, ownership of property, undeclared capital and false identities.

Cases pending legal action are as follows:

- 6 Cases with court dates set
- 2 Cases with court dates set from Joint working with the DWP
- 1 Case being prepared – Joint working

- 3 Cases being prepared for action

The team were also approached by 'Look East', following publicity released by the media in relation to successful prosecutions. The team were filmed in their working environment and an Officer gave an interview in relation to one of the cases.

There has also been a considerable amount published in the local media detailing successful prosecutions for this financial year. This has assisted with the team's profile within the borough and resulted in a significant public response reporting allegations of fraudulent actions.

CORPORATE FRAUD INVESTIGATIONS

To date, all of the 11 referrals we have received have been in relation to Theft, stolen items of the authorities' property and employees' personal property. Unfortunately, a large number of these losses could have been avoided if more care had been taken and items secured.

Items taken have ranged from Laptops, Cameras, Cash, Wii Nunchuck and Jewellery.

However, one of the referrals did relate to 'seized items' from an ongoing investigation by Trading Standards being removed from a secure cage in the basement.

A Pro-active exercise has been arranged to attempt to highlight how a large proportion of these thefts could have been avoided.

Further Pro-active exercises are being planned for the year 2011/12, along with awareness sessions being delivered directly to the authorities' employees, and in time an on-line training programme for staff to work through to highlight what constitutes 'Corporate Fraud' and who to contact if it is identified.

The team will also be looking to investigate areas which cover abuse of Blue Badges, Housing Tenancy fraud and Procurement and Contract fraud.