



AUDIT COMMITTEE REPORT

Report Title	Fraud and Error 2009 / 2010
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AGENDA STATUS: PUBLIC

Audit Committee Meeting date:	17/05/2010
Policy Document:	No
Directorate:	Finance and ICT
Accountable Cabinet Member:	Councillor David Perkins

1. Purpose

1.1 At the audit committee meeting on the 22nd March 2010 a request was made to review performance on fraud and error during 2009 / 2010.

2. Background

2.1 Northampton Borough Council are committed to the Investigation and prosecution of fraudulent claims for Housing Benefit and Council Tax benefit.

2.2 As part of this aim we have a permanent resource of staff dedicated to reducing fraud and error within the system. The total number of staff employed to deal with fraud and error is 16 full – time equivalents.

2.3 Investigations are conducted in compliance with the Criminal Procedures and Investigations Act 1996 and the Police and Criminal Evidence Act 1984 alongside adhering to the Social Security administration act 1992 and subsequent powers granted through the fraud act 1996, 2001 and 2006. New powers have been introduced to investigate and prosecute fraud relating to wider state benefit. This has been granted as part of the Welfare Reform Act 2007. We also comply with the requirements of the Regulation of Investigatory Powers Act 2000, when conducting surveillance as part of investigations.

2.4 All of our fraud officers undergo checks via the criminal records bureau and the team are seated in a separate secure office.

2.5 We participate in the National Fraud Initiative alongside resolving all data mismatches received via the Housing Benefit Matching Service. Matched data looks for irregularities between different agency computer systems i.e. where a second adult appears on a claim we hold that indicates a sole occupier.

2.6 We are also working with colleagues from our housing Department in order to investigate cases of tenancy fraud.

2.7 We also work closely with the Department for Work and pensions and other Government agencies. As part of this we often prosecute cases jointly with the DWP and are involved in regional exercises such as the recent project guardian.

2.8 A summary of the outcome of the inter – agency project guardian is as follows:

- 192 vehicles stop/checked (126/66 split Netto/Thorpeville)
- 8 arrests
- 20 vehicles seized for no insurance
- Red diesel offences (HMRC) plus a large seizure of alcohol (wine & lager)
- 36 prohibitions by VOSA (mostly immediate) for various mechanical defects, mainly tyres, lights and corrosion problems
- 47 notices by TRADING STANDARDS relating to illegal trading
- 60 potential reports by DVLA
- DWP reported one for false declaration, another 8 to be followed up.
- UK Borders Agency identified one person had given false details, he was subsequently arrested for Fraud
- NBC Fraud Investigation will be further investigating 15 persons (9 for Council Tax adjustments and 6 for other Council benefit fraud related issues).
- NBC Environmental Crime Unit no results at present
- Environment Agency reported 2 for trading without a waste carriers licence,
- DVLA (on site) reported 2 for registration plate related offences
- Police Road Traffic Act reports, fixed penalty notices etc. 20 reported for no insurance. 3 driving licence offences, 4 no MOT, 8 fixed penalty notices for defective tyres, 4 reported for no VEL, plus a number of vehicle defect rectification notices.
- Intelligence logs will be at least 100. Feedback from the other agencies indicates that they also gained intelligence from the vehicles/persons stopped at both checks.

2.9 Some examples of prosecutions as publicised in local media are shown at **appendix A**

3 Performance summary 2009 / 2010

3.1 Performance within our fraud team exceeded expectations in 2009 / 2010. Below is a summary of the work undertaken last year:

Total Number of Fraud referrals:	1780
Total Number of Fraud Investigations:	999
Total number of Sanctions*	91
Total Number of Prosecutions:	23
Total amount of overpayments identified:	£818,239

*Sanctions relate to cautions and administrative penalties. Cautions stay on record for two years and can be cited when there is a re – offence. Administrative penalties are the same as cautions but also carry an additional penalty of 30% of any overpaid benefit.

3.2 In addition to the work we have completed on fraud we have also conducted the following reviews on our live claims:

Total Number of visits:	3276
Total visits where benefit increased:	210
Total where benefit Decreased (overpayment):	1319
Total where benefit stayed the same:	959
No of fraud referrals generated:	31

The most common type of un-notified change has been as follows:

Earned Income	Pensioners	Pass-ported i.e. State benefit	Student	Maternity	Statutory Sick pay	Other DWP Benefits
803	688	1115	17	12	1	137

3.3 We use risk assessment based on the likelihood of a change occurring to a benefit claim. This means that the common changes highlighted above i.e. changes to earned income will attract a visit on a six monthly or annual basis. Other areas such as students and other DWP benefits less frequently. This ensures we do not waste resource in identifying the correct information for assessments.

3.4 As a result of all of our work, we will have identified well in excess of a million pounds in fraud and error, alongside maximising the benefit entitlement of those who have not reported an advantageous changes in their income.

4.1 Equality

4.1.1 All practices within revenues and benefits have or are in the process of undergoing equalities impact assessments (EIA).

4.2 Consultees (Internal and External)

4.2.1 We work closely with partners from the Department for work and pensions, customer services, housing and welfare advice groups in identifying and resolving fraud and error.

4.3 Other Implications

4.3.1 N/A

5. Background Papers

5.1 N/A

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