

Title of Report:

Benefits Counter Fraud Strategy

Item 18

Report to be considered by: Executive

Forward Plan Ref: EX0830

Corporate Plan Priority: D1:- Performance Improvement

The proposals contained in this report will help to achieve the above Corporate Plan priority by:
Setting and maintaining minimum standards of service in key areas.

Purpose of Report:

To update Members and seek approval of the WBC Benefits Counter Fraud Strategy.

Recommended Action:

That Management Board approve the Benefits Counter Fraud Strategy.

Reason for decision to be taken:

- Endorsement of the strategy is significant in ensuring the continued security of the benefits system within West Berkshire

List of other options considered:

- N/A

Key background documentation:

- Benefits Counter Fraud Strategy

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Implications

Financial:

None

Supporting Information

1. Background

- 1.1 The Benefit Counter Fraud Strategy represents this Council's commitment in ensuring Housing and Council Tax Benefits are paid to those rightly entitled to claim and seeks to minimise abuse of the benefits system.
- 1.2 Endorsement of the strategy is significant in ensuring the continued security of the benefits system within West Berkshire.

2. Executive Summary

- 2.1 Fraud and corruption are unacceptable and will not be tolerated by West Berkshire Council. The Council is committed to combating fraud and corruption throughout its activities. We are determined to root out fraud and corruption perpetrated by those who attempt to obtain Council's services or assets to which they are not entitled. Acts of Fraud and Corruption are unlawful and in addition, if the perpetrator is an employee, regarded as an act of gross misconduct under Disciplinary Procedures. This could lead to dismissal.
- 2.2 Benefits administration is a high-risk activity in local government. West Berkshire Council helps over 5,500 households pay their rent and together with council tax benefit this costs the local and national taxpayers around £19 million each year within West Berkshire.
- 2.3 Benefit fraud is a significant problem. The number of frauds detected in West Berkshire in 2003 - 2004 was 171 compared to 170 in 2002/2003. The table given below shows the detailed figures for 2003-2004. The 2002-2003 figures are given for comparative purposes.

	2003 – 2004	2002 – 2003
Cases referred for investigation	293	426
Cases where fraud was established	171	170
Resulting in overpayments of	£166k	£187k
Overpayment cases:	112	105
Summons	17	15
Cautions	19	28
Administrative penalties	15	5
Successful prosecutions	15	8
Value of sanctions	£98,673	£69,499

The true cost of fraud is impossible to quantify.

- 2.4 The reduction in the number of cases referred for investigation reflects the fact that additional checks have been built into the system. This stops fraudulent claims being made in the first place and has a knock on effect into the value of fraud detected.
- 2.5 West Berkshire Council has introduced a fraud strategy that brings together support from across the Council to prevent, investigate and deter benefit fraud.
- 2.6 Our vision will be based on six policies designed to improve performance management and reduce the incidence of fraud within West Berkshire. The policies are:
 - (1) to have an effective corporate framework
 - (2) to manage the administration of benefits effectively
 - (3) to prevent fraud and error within the system
 - (4) to manage effective investigations
 - (5) proactive investigations of benefit fraud
 - (6) firm actions to deter fraud

3. Our Aims

- 3.1 In introducing a strategy to detect and deter benefit fraud we believe our aims to be: -
- (1) To meet the standards expected of us by the Governments Performance Standards and, where possible, to exceed those standards.
 - (2) to ensure those in need of assistance receive due entitlement expeditiously;
 - (3) to create a culture where fraud is seen as unacceptable and where 'Whistleblowing' is encouraged as a public duty;
 - (4) to operate within an environment of effective controls to prevent fraudulent claims arising from procedural weaknesses;
 - (5) to provide the fraud team with the necessary resources, technology and training to succeed in their objectives of detecting fraud;
 - (6) to introduce a series of punitive measures to ensure that the perpetuation of fraud does not pay

4. Policy One - An Effective Corporate Framework

4.1 Member Support

Members of West Berkshire Council provide their unanimous support for the actions undertaken to prevent fraud in the Benefit system. Elected members and officers should play a key role in implementing a robust anti-fraud strategy. Responsibility for an anti-fraud culture is the joint duty of all those involved in giving political direction, determining policy and management. As part of this culture, the Council provides clear routes by which concerns can be raised by Members and officers and those from outside the Council.

- 4.2 The Council expects that Members and officers at all levels will lead by example in their honesty and by ensuring adherence to legal requirements, Standing Orders and Financial Regulations, Code of Conduct and Council rules.

4.3 Responsible Officer

The Head of Resources is the Council Section 151 Officer and is responsible for ensuring that the Council has control systems and measures in place to enable the prevention and detection of inaccuracies and fraud.

4.4 Codes of conduct for Investigation Officers

A code of conduct is available and adhered to by Investigation Officers and complaints arising from their investigations are referred to the Head of Revenues & Benefits as part of the internal complaint procedure. Officers carry out all investigations in accordance with PACE, Regulation of Investigative Powers Act and the Human Rights Act.

4.5 Effective Internal Audit

The Internal Audit Service plays a vital preventative role in trying to ensure that systems and procedures are in place to prevent and detect fraud and corruption. A rolling annual audit of benefit practices and procedures takes place with agreed recommendations being implemented to prevent fraud and abuse. Actions arising out of these reviews are reported to members with particular emphasis in instances where there is slippage in implementing recommendations arising out on internal audit review.

4.6 The Role of External Audit

Independent external audit is an essential safeguard in the stewardship of public money. This role is delivered through the carrying out of specific reviews that are designed to test the quality and adequacy of Internal Audit reviews.

4.7 Good Communications With Claimants And Landlords

Good relationships and effective communication between the Council and Landlords can assist in the prevention and detection of fraud. The authority will seek to develop and maintain relations with landlords, individually or by such groupings that are appropriate.

5. Policy Two - To Manage the Administration of Benefits Effectively

5.1 Quality control and work assessment

A risk assessment has been undertaken to identify the areas of high fraudulent risk and work is concentrated in these areas.

5.2 Training

Revenue and Benefit assessors are in a position to identify potential and on-going fraud. Some of this comes through 'local knowledge and intelligence' but many frauds are identified by ensuring clear and effective internal communication are in place. The Benefits Teams focuses on the creation of quality fraud referrals. Guidance on referrals is provided to all staff.

5.3 Defences against internal fraud

The Housing Benefit system is password protected allowing an audit trail of case input. The passwords are regularly changed and access is limited. A report is available identifying access and amendments by password control. Team Leaders make sample checks on work, and staff must disclose relationships that affect benefit entitlement. Exception reports are used as an aid to prevent fraud and the Revenues Manager has reports on values or transactions that may give cause for suspicion.

5.4 Fraud awareness

Regular training sessions are provided to all revenue staff on areas of potential fraud, action to be taken and referrals to senior management. Accurate and up to date information supporting a single minded focus on reducing fraud and error, encouraging the sharing of intelligence has created an anti fraud culture within the Benefit Service.

6. Policy Three - To Prevent Fraud and Error Within the System

6.1 Early action of changes

Systematic checks of initial benefit claims against information already held in the benefits system takes place upon receipt of new information. This ensures that overpayment of benefit is minimised.

6.2 Terms of reference, targets and performance monitoring

Regular meetings between the Revenues & Benefits Managers and the Fraud Team Leader review: -

- (1) performance of the Fraud Team
- (2) review investigations in line with the code of conduct
- (3) discuss administrative support
- (4) ensure forward planning of workloads

The Fraud Team is aware of the value of prosecutions and regularly liaises with the Police and Benefits Agency. Referrals are accepted from different sources including data matching.

Anti Fraud Initiatives

6.3 Clear procedures

We will produce a clear manual by 2004 to assist new and existing benefit personnel to identify benefit fraud. The manual will follow the pattern established by the D.W.P (Department for Work and Pensions) but will reflect local policies and administration.

6.4 National Insurance Numbers

National Insurance numbers and two independent forms of identity are now required from all claimants before an assessment to benefit can be calculated.

6.5 Data Matching

The Council participates fully with D.W.P and District Audit Data Matching exercises providing such issues are addressed in accordance with Data Protection principles.

6.6 Do Not Redirect

This authority has adopted the D.W.P scheme of 'do not redirect' and the Post Office will no longer redirect benefit cheques to other addresses.

6.7 Cheques

Cheques in respect of Housing Benefits are crossed and are non-negotiable.

7. Policy Four - The Management of Effective Investigations

7.1 Best Practice / Information Sharing

The Council is a member of the Local Authority Officer Investigations Group (LAOIG) and the National Anti Fraud Network (NAFN). The Housing Benefit computer system utilises a system of passwords to restrict access to various modules

7.2 Safety Procedures

The health and safety of our staff is of paramount importance. To ensure the safety of investigation staff the following have been put in place.

- (1) Risk Assessments
- (2) Personal Safety Guidance
- (3) Personal Alarms
- (4) Mobile Telephones
- (5) Call Back
- (6) Inspection Log
- (7) Protective Clothing

7.3 Cross Departmental and Benefits Agency Co-operation

The service is committed to encouraging closer working with the Benefits Agency (BA) and will strive to develop stronger links between our two services.

Service Level Agreements have been agreed with the DWP which include core activities on benefit administration covering issuing claim forms, notification of changes of circumstances, monitoring of performance, responding to queries and resolving disagreements. Separate fraud service level agreements include core activities such as joint fraud investigations.

For each agreement there is a certification process. West Berkshire Council meets with the DWP annually to review progress and improvements are discussed and targets set for the next year.

8. Policy Five - Proactive Investigations Of Benefit Fraud

8.1 Service referrals

The process of fraud awareness within the benefit section, coupled with disciplined assessment and checking procedures results in the identification of many cases for potential fraud. Benefit staff regularly refer cases in respect of alleged failure to disclose income, false or contrived tenancies, failure to report non-dependants, living together etc. In 2003 – 2004 over 293 referrals were created.

8.2 Management of overpayments

An officer to ensure maximum recovery of overpayment. This is a national performance indicator and a critical measure of ongoing performance.

8.3 Hotline

The public can report suspected benefit fraud through the WBC Web advertised 24 hour Telephone Fraud Hotline.

9. Policy Six - Firm Actions To Deter Fraud

9.1 Recovery of fraudulent benefit

A new performance indicator on recovery of benefit overpayments ensures that our efforts to safeguard public funds have measurable targets for reducing the level of overpayment and the recovery of those overpayments. Performance indicators are reported to committee quarterly to demonstrate continuous improvement in this area of benefit administration.

9.2 Use of administrative penalties

We have introduced Administrative Penalties as an alternative to prosecuting discovered fraud in line with Government's Fixed Penalties guidelines increase the cost of the repayment by 30% over and above the actual amount of benefit fraudulently claimed. This strengthens current powers to deal with proven fraud.

9.3 Policy on prosecution

We prosecute those who seek to perpetuate fraud and our prosecution policy will act as a deterrent. The prosecution Policy follows D.W.P. guidance on determining whether a case is suitable for prosecution. This covers: -

- (1) the evidence obtained
- (2) the nature of the fraud
- (3) the claimant's personal circumstances (e.g. age, health and Social Factors).
- (4) the circumstances
- (5) the value of the fraud and period over which it was committed.

9.4 Publicity

The authority actively seeks to secure maximum publicity wherever possible in respect of prosecutions.

Appendices

None

Consultation Responses

Local Stakeholders: N/A
Officers Consulted: Martin Cawte
Trade Union: N/A