

**BRISTOL CITY COUNCIL
AUDIT COMMITTEE**

18 JUNE 2010

Report of: the Strategic Director (Resources)

**Title: Benefit Fraud Investigations Team – Annual Report
2009/2010**

Ward: City Wide

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RECOMMENDATION

The Audit Committee is recommended to accept the Annual Report.

Summary

To inform the Committee of the work of the Benefit Fraud Investigation Team over the last year and identify any issues which will affect the Team in 2010/2011. The Report will be considered by the Executive Member for Efficiency and Value for Money on 23 June 2010.

The significant issues in the report are:

Performance information (Paragraphs 2.1 to 2.5)

Sample case studies (Paragraphs 3.1 to 3.3)

Proceeds of Crime Act recoveries (Paragraphs 6.1.1 to 6.1.4)

1 Background

- 1.1 The Benefit Fraud Team is a dedicated unit working within Internal Audit and responsible for the investigation and sanction of benefit fraud.

Cases are identified through a programme of proactive audits focusing on high risk areas, data matching initiatives and referrals from internal departments, external partners and the general public.

2 Performance

- 2.1 During 2009/2010, 653 cases (546 in 2009) were investigated and of those, there were 142 (116) where an overpayment of benefit was identified and a further 179 (162) cases were prosecuted or sanctioned. This represents an overall success rate of 49% on all cases the Team looked at with benefit being reduced or withdrawn, and a sanction applied.
- 2.2 The sanction target for the year of 165 was exceeded, with 179 sanctions achieved (see Appendix A), an increase of nearly 10% on the previous year's performance. This has been achieved with no additional staffing, only better targeted investigations and smarter working.
- 2.3 A total of £1,324,833 in overpaid benefits (including Department of Work and Pensions (DWP) benefits) has been identified as a result of fraud investigations and is currently being recovered from claimants. In addition successful investigations have prevented further fraudulent claims with an estimated annual value of £470,000 being paid out, avoiding further losses to public funds.
- 2.4 Proceeds of Crime (POCA) investigations are an increasingly important feature of the work being done by the Team. Five investigations are underway, and payments of £67,069 are expected in June in respect of 2 previous cases where orders have been awarded by the Court. If the monies are not repaid then the defendants will be sent back to prison. The POCA legislation is useful in ensuring criminals don't profit from their crimes, by recovering the Council's losses from their assets,

whether it be property, capital and savings, cars, jewellery etc. Bristol is one of the first Benefit Fraud Teams to make use of this legislation.

- 2.5 During the first half of 2009/10 (the latest period for which comparative figures are available) Bristol's investigators achieved 14 sanctions per officer, which, pro rata, is an increase on the previous full year figure of 27. In the first half of the year the Core City average was 11. The Team will attempt to maintain this level of performance, but a recent reduction in staffing may make this difficult to sustain.

3 Case Studies

- 3.1 Following information received from another local authority, an investigation began into Mr T, a council tenant from Easton. Mr T had council tax arrears for a property he owned in Chesterfield and had come to the attention of that Council when he didn't settle his debts. He never declared ownership of this property when he made his benefit application to Bristol and as a result was overpaid benefit of almost £16,000.

On 4 December he was found guilty at Court and sentenced to 6 weeks imprisonment, suspended for 12 months. He was curfewed for 3 months between 10.00 p.m. and 5.00 a.m. Following a further investigation by the Team's Financial Investigator, the City Council was granted a Confiscation Order for £19,308.65 and £2,200.00 in costs.

Mr T was ordered to pay this money back within six months. If he does not do so he will go to prison for a year. It is anticipated that he will have to sell his property in Chesterfield in order to comply with the order.

- 3.2 On 17 February 2010, Ms K of Southmead was sentenced to 6 months imprisonment following a £82,000 benefit fraud that had spanned more than 11 years. The joint investigation with colleagues from the DWP Fraud Team, revealed that Ms K's husband had been with her for most of the 11 years she had been claiming as a single person. She leaves 3 children at home in the care of her in laws while she serves her sentence.
- 3.3 Following a call on the Hotline, an investigation was started into a claim being made by Miss B. It was alleged that she had an

undeclared partner living with her who was in full time work and had recently inherited some money. Both Miss B and her partner were interviewed under caution and admitted the offence. During a seven year period she received nearly £18,000 in Housing and Council Tax benefit that she was not entitled too. Due to poor health, Miss B was cautioned for her failure to advise of her partner's presence in the household and her partner was prosecuted at court on 25 March 2010 for aiding and abetting. He has since repaid the whole amount

4. Audit Commission - Key Lines of Enquiry

- 4.1 During March 2010, the Audit Commission inspected the Council's Benefit Service, and as part of this inspection also reviewed the procedures and performance of the Team and interviewed the Investigations Manager.
- 4.2 During Inspections, the Commission look at how good the service is and what are its prospects for improvement. It will focus primarily on benefits take up and customer focus, claims processing and overpayments, performance management and value for money, as well as the prevention and detection of fraud.
- 4.3 The Audit Commission will set out draft findings and recommendations, and the Council will be invited to comment before the final report is published on 19 July 2010.

5. Benefit Fraud Hotline, Publicity and Awareness Training.

- 5.1 The Fraud Hotline is an important means by which the public can raise concerns about benefit fraud in complete confidence. During 2009/2010 over 1200 calls were received, and, as a result, £200,000 of fraudulently claimed benefits were identified. A total of 11 claimants were prosecuted and 6 cautioned, and further benefits with an annual value of £40,000 stopped as a result of successful investigations.
- 5.2 On 4th May 2010, to further raise further awareness, the Team launched a new public campaign to crack down on benefit cheats. This was endorsed by Members and supported by senior management, with the Deputy Chief Executive promoting the initiative in a photo call for the Bristol Evening Post. Other activity included using the Adshel free standing, poster sites in the centre of Bristol, Broadmead Board sites, plasma screens at

the Council House and the Customer Service Point at Phoenix Court, posters in Council buildings, and messages for staff on computer log on screens and payslips. Further articles will appear in the Council internal and external newspapers over the coming months and the Team will take advantage of press releases for any impending court cases/sentencing, to promote the positive work being done by the Team.

- 5.3 An increased number of calls are already being received on the Benefit Fraud Hotline, and it is hoped that the current campaign will encourage even more and lead to more abuse being identified and stopped, and benefit fraudsters punished.
- 5.4 A programme of Fraud Awareness was also rolled out during April and May to staff within the Benefits Service, other Neighbourhood's Directorate staff and staff in the Customer Service Points and the Telephone Contact Centre. The training was well received and there has been a noticeable increase in the number of referrals being sent for investigation.
- 5.5 These are all opportunities to advance the work of the Team and the City Council, and demonstrate the positive action being taken by the Council to identify and punish benefit fraudsters. This work will continue in 2010/2011.

6 Looking ahead to 2010/2011

6.1 Financial Investigation - Proceeds of Crime Act (POCA)

- 6.1.1 Steps are being taken to make Financial Investigation a permanent part of the Team's remit. Following a successful trial during 2009/10 one of the Team's Investigator posts has been redesignated to include Financial Investigation as a permanent element of the post's responsibilities, as well as the investigative responsibility.
- 6.1.2 With increasing financial pressure on local authorities and reducing government subsidies, POCA will be a valuable tool in benefit fraud cases where the claimant has realisable assets. Action will be taken to recover the whole of the overpayment via the courts and, in some circumstances, attempt to recoup in excess of the amount originally overpaid by way of confiscation.

6.1.3 POCA legislation is far reaching and versatile, and the Council is one of the first Benefit Fraud Teams in the country to have this specialist resource available within its Benefit fraud Team.

6.1.4 On 7 and 8 June Council staff will be involved with colleagues from the Police, Criminal Justice Board and other Agencies promoting the "Take the cash out of crime" initiative which focuses on how POCA legislation can be used to punish criminals in a way that has a real impact, through confiscation of their assets. As the Team already makes use of POCA legislation, its Financial Investigator will be available to promote the work done by the Team and act as a contact point should any members of the public have concerns about benefit fraud. The aim of the initiative is to raise public awareness of what is being done to punish criminals and demonstrate that crime doesn't pay.

6.2 Training and Development and Partnership working

6.2.1 The Team continues to work with other Agencies to identify, and stop benefit fraud and sanction offenders. Regular exercises are undertaken with the DWP, Police and Trading Standards, and this will continue through 2010/11.

6.2.2 As investigations become more challenging and complex, the staff in the Team need to increase their skills base to maintain a level of expertise. Negotiations are underway with the Training and Development Division of Avon and Somerset Police to provide customised training in Search and Seizure procedures and protocols as defined by the Police and Criminal Evidence Act (PACE).

6.3.3 The Team have also purchased a Financial Investigators Toolkit . This Toolkit converts bank statements into Microsoft Excel spreadsheets which makes them easier to manipulate and analyse, to identify credits and spending trends of individuals and families. This will be especially useful in financial investigations and living together investigations. The scanning process will significantly reduce the investigators time by automating the analysis process. Training will be given to six members of the Team.

6.2.4 This software is currently used by the Police and other Enforcement Agencies, and some local authorities.

7. Sanction Target 2010 - 2011

- 7.1 There are currently 7 full time investigative staff, but as identified in paragraph 6.1, one of these posts has been re-designated so that 50% of the time will be utilised in conducting financial investigations. This reduces the investigative resource to 6.5 FTE. Prior to May 2010 that represented 0.13 investigators being employed by the Council per 1,000 caseload (caseload 49182 at April 2010).

On 3rd May one investigator went on maternity leave and that will bring the current investigator establishment to 5.5 which reduces the staffing resource to 0.11 investigators per 1,000 caseload.

- 7.2 It is anticipated that the increasing benefit case load and recession may further impact on the Team, leading to additional fraud referrals being made. The Team aim to manage this through even better initial sifting, scoring and case management.
- 7.3 During 2008/09, Bristol City Council had the lowest investigative staffing resource per 1,000 case load at 0.14 of the Core City group of Councils. Further analysis of CIPFA Bench Marking Data for 2008/09 show the average number of Fraud staff per 1,000 case load as 0.27.
- 7.4 The sanction target for 2010/11 is set at 170 for the year, and whilst this is an increase on the previous year's target, it will be a challenge to achieve in light of the increasing fraud risk and 21% reduction in staffing.

8 Risk Assessment

- 8.1 There are no specific risks associated with this report although the performance of the Team is dependant on its relationship with the Benefits Service, both in terms of the number of quality referrals it receives and the speed with which the Benefits Service process requests for adjudication.
- 8.2 The performance of the Team and its relationship with the Benefits Service and other stakeholders is key to minimising the extent of fraud within the benefit system in Bristol, and to ensuring the expectations of the Council, the DWP, Audit Commission and other regulatory bodies are met.

- 8.3 Sufficient resources should be available to detect and investigate suspected fraud. Without a considered and proportionate response to the potential threat from benefit fraud, the Council will not have assurance that it is fully meeting its statutory responsibility to protect the public purse.

Consultation

Internal None necessary

External None necessary

Equalities Impact Assessment

No implications arising from this report

Legal and Resource Implications

Legal - none sought.

Resources - none arising from this report.

Appendices: Appendix A – Sanction Statistics

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: BFIT records (exempt)

Appendix A

SANCTION STATISTICS

YEAR	PROSECUTION		CAUTIONS and ADMINISTRATION PENALTIES		TOTAL	
	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
2000/1	-	11		-	-	11
2001/2		13		11		24
2002/3	26	16	22	9	48	25
2003/4	55	31	17	13	72	44
2004/5	57	29	24	31	81	60
2005/6	28	42	32	72	60	114
2006/7	40	58	84	82	124	140
2007/8	58	54	86	110	144	164
2008/9	45	57	105	105	150	162
2009/10	55	79	110	100	165	179
2010/11	70		100		170	*

*To 7 June 2010 27 sanctions have been achieved against a target of 170, with a further 84 cases in progress.