



AUDIT COMMITTEE REPORT

Report Title	Anti-Fraud Annual Report
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	18 March 2013
Policy Document:	No
Directorate:	Resources
Accountable Cabinet Member:	Cllr Alan Bottwood

1. Purpose

1.1 To provide a summary of anti-fraud work and activity during 2012/13

2. Recommendations

2.1 That the committee note the report.

3. Issues and Choices

3.1 Report Background

3.1.1 The Housing & Council Tax benefit system at Northampton Borough Council pays out in excess of £85m a year. While the gateway is secured we have to be mindful not to make it too difficult that genuine claimants are put off and in this gap the opportunist and organised fraudster has opportunity to take money from the system illegally. It is the role of the Investigation team to find these individuals identify the fraud/error and where appropriate prosecute.

3.1.2 The Counter Fraud & Prosecution Policy (previous agreed at cabinet) is enclosed at **annex A** for reference.

3.1.3 The report will give an overview of the Investigation activity from 2012/13 and the expectations for 2013/14.

- 3.1.4 It is the Council's duty to protect the Public Purse so there will always be a need to investigate irregularities. The preventative measures will deter some opportunist but those who are set on providing false information and/or failing to declare relevant changes in circumstances may succeed.
- 3.1.5 Designated Fraud Investigation Officers, who will be professionally trained and resourced, will carry out investigations. They must work to a specific Code of Conduct given the sensitive nature of their duties. They Operate under the Social Security Administration Act 1992 and have to follow guidance from the Police & Criminal Evidence Act 1984 and Criminal procedures and Investigations Act 1996 to bring a case to criminal prosecution.
- 3.1.6 Additional features must be maintained such as Safety and Visiting Procedures and joint working with the Department for Work and Pensions fraud staff.
- 3.1.7 Failure to investigate will see money leaving the Authority by way of Fraud & Error and failure to tackle this could lead to qualified subsidy claims and loss of revenue to the Authority.
- 3.1.8 Activity starts with a referral and goes through a process to establish the quality of the referral (this is demonstrated in the Fraud Support flow diagram included in **annex B**).
- 3.1.9 Once the referral is considered suitable it will be dealt with by an investigation officer who will need to make an assessment as to how the case should be investigated and whether it should be completed informally (error) or formally (fraud) this will lead to an evidence gathering process followed by an interview to establish the facts and a decision on how to proceed. This process is outlined in the Fraud – Flow Diagram included in **annex C**.

3.2 Issues

- 3.2.1 Our fraud service is audited as part of the audit commission's external audit of our annual subsidy claim. Work undertaken within our fraud and interventions team will also be reviewed as part the internal audit process. There have been no highlighted issues this year.

3.3 Fraud & Interventions Performance 2012/13

3.3.1 The performance figure and comparison against 2011/12 are outlined in the tables below:

2011/12		2012/13 (estimated)	
Measure	Totals	Measure	Totals
Number of claimants visited	3410	Number of claimants visited	4854
Number of Fraud referrals	2166	Number of Fraud referrals	2299
Number of Fraud Investigations	1098	Number of Fraud Investigations	843
Number of successful Cautions	63	Number of successful Cautions	42
Number of successful Administrative Penalty	9	Number of successful Administrative Penalty	14
Number of successful Prosecutions	29	Number of successful Prosecutions	37
Number of successful sanctions	101	Number of successful sanctions	93

3.3.2 The 2012/13 figures have been extrapolated from the position at 31st January 2013.

- In 2012/13 we have continued to develop work investigating Sub-letting. We have improved procedures and instigated a pilot exercise using a private sector partner, Call Credit, to provide risk based matches based on cross matched data. A report on this is held within the Equality impact assessment at Appendix D. Highlights listed below
 - 8 properties recovered for re-letting
 - 5 other properties where discrepancies identified and resolved.
 - £200,000 in expenditure that will be saved avoiding sending families into temporary accommodation.
- A joint proposal was submitted to work in partnership with Corby Borough Council & Wellingborough Homes in a joint venture to expand the tenancy fraud work we had started across boundary's and with registered providers while the bid was unsuccessful it was well received and only failed as other bids had looked towards technology for their solution.
- We have improved our standing and relationship with external agencies such as the Chartered Institute of Housing and Local Government Association with the work we have completed on tenancy related fraud.
- We are assisting the Electoral Registration Service who has asked us to assist with verification of individuals on the register.
- We continue to support colleagues across the council with internal investigations.
- One officer assisted Daventry District Council for a period of 9 months (1 or 2 days a week) to cover Maternity leave. The exercise generated income back to Northampton Borough Council.

- The fraud team continues work closely with local partners, and maintain key relationships such as the Department Work Pensions, VOSA, the Police, Trading Standards and Immigration. Operations and joint initiatives with these groups have led to changes to Benefits & Council Tax Single Persons Discount, seizure of vehicles, red diesel & MOT issues and the apprehension and deportation of illegal workers.

3.4 Fraud & Interventions 2013/14 expectations

- There remains a high degree of uncertainty around the new proposed Single Fraud Investigation Service (SFIS) initially we had planned for the amalgamation of services in April 2013, with NBC investigators working under the DWP processes and procedures. This was delayed in December 2012 and will not happen now until sometime in 2014/15.
- With this change we will continue to focus on Housing & Council Tax Benefit Fraud and deliver to the same standards as previous years. Targets for HB/CTB will be adjusted to take account of the other areas of corporate fraud we will embark on.
- Housing sub-letting will become more of a feature of business as usual, subject to funding arrangements from the Housing Revenue Account. We will build on the work we have completed and look to utilise credit reference data either as a mass data match or cases by case to identify risk and recover property. 2013/14 will see the introduction of criminal offences for this area of work and we will need to decide if and how we would like to use this legislation.
- The Audit Commissions bi-annual National Fraud Initiative (NFI) will again be sent this year with an expectation of a significant amount of data analysis. This arrived Feb 2012 with over 2000 matches. This year alongside the HB/CTB investigations, we can also look at the discrepancies highlighted in the housing stock.
- Further work with Housing Allocations is currently underway with a pilot starting at the end of March 2013. This will look at securing the gateway and checking declared circumstances before the customer is offered social housing. Funding has been agreed following analysis of the pilot based on success and viability.
- With the changes that we face and in transition to the new single fraud processes and procedures in 2013/14 the sanction target for the service has been reduced accordingly, although a new target to recover 15 Homes has also been put in place.

Measure	Target
Number of claimants visited	3000
Number of Fraud Investigations	900
Number of successful sanctions	90
Number of Homes recovered	15

4. Implications (including financial implications)

4.1 Policy

None

4.2 Resources & Risk

4.2.1 The risk remains that we may lose skilled staff members. The work with housing and securing funding in this area will mitigate this risk and allow Northampton Borough Council to consider its options for fraud investigation going forward.

4.2.2 Resources will be stretched with the same officers now conducting a variety of fraud investigations. Any unplanned leave/sickness could affect our ability to complete all the planned work.

4.3 Legal

4.3.1 We may see an increase in work to the legal team, they are aware of the work we are undertaking and involved at key decision stages to ensure impact on the team is minimal.

4.3.2 New criminal tenancy offences introduced this year will raise the question on if & how we would proceed with these investigations. A prosecution policy will need to be considered should we choose the route as a resolution.

4.3.3 CPS have taken over from the DWP as prosecutors for benefit related fraud matters, while we can still use and prefer the in-house legal team this service, likely to be provided free of charge will need to be considered as an option for the future (presently they have issues with backlogs and long case delays and would not be of benefit to Northampton Borough Council)

4.4 Equality

4.4.1 A Full Equalities impact assessment has been completed and is attached at **Annex D**

4.5 Consultees (Internal and External)

4.5.1 None

4.6 Other Implications

4.6.1 None

5. Background Papers

Appendix A - Counter Fraud & Prosecution Policy

Appendix B – Pre – investigation flow chart

Appendix C – Investigation flow chart

Appendix D – Equality Impact Assessment

[Nb. As the Appendices are all within this document all pages are numbered for ease of reference]

Appendix A



Name of Directorate	Resources
Date	01/04/2008 – updated Jan 12
Report Title	Benefit Counter Fraud & Prosecution Policy
Status	Corporate

1. Purpose & Scope

This document sets out Northampton Borough Council policy and guidance on the security of its benefit system, identifying roles and responsibilities in the prevention of fraud & error and when this fails the prosecution of persons who have committed offences.

It is intended to bring together the policies on counter fraud activity and the Prosecution Policy

Housing Benefits current pay out approximately £85m per annum, it is estimated that nationally 2-3% of this can be attributed to fraud & error that leaves a potential of £2.55m taken from the system incorrectly.

Headline figures for 2010/11: -

2346 referrals into the section.

1098 referrals taken on.

660 case resulted in a reduction in benefits

58 Individuals faced a Caution, 26 Administrative Penalty & 36 Prosecution.

£1,163,000 has been identified as overpaid.

2. Policy Statement

Northampton Borough Council (The Council) is committed to the delivery of Housing Benefit and Council Tax Benefit to its customers. We will ensure our customers are made aware of the benefits available to them, through our promotion of the services provided.

We believe effective procedures and timely administration play a key role in promoting use of the service and in preventing fraud and error entering the system. Where benefit is paid in error, the Council is dedicated to the recovery of any overpaid amounts and will use all available legal processes to achieve this, We will not hesitate to prosecute an individual or group of individuals, who deliberately and knowingly set out to de-fraud the Benefit system or fail to declare relevant changes in circumstances.

3. Definitions

Fraud - "The deliberate misrepresentation or omission of facts in order to obtain for oneself or others a financial advantage, which would otherwise not be granted."

DWP – Department for Work & Pensions

PACE – Police & Criminal Evidence Act 1984

FIMS – Fraud Investigation Management System

4. Policy Guidance and Procedure

Aims

- Ensure that systems and procedures operate in a manner, which will minimise abuse both internally and externally.
- Ensure benefit fraud team members work in accordance to Codes of Conduct.
- Provide adequate resources to monitor and assess the right benefit at the right time and identify irregularities.
- Manage investigations of irregularities to a reasonable conclusion.
- Conduct pro-active investigations in order to detect benefit frauds not uncovered by routine verification.
- Take legal proceedings where there is a reasonable expectation of conviction, in line with the prosecution guidelines set out in this policy. Where possible we will notify Northampton Borough Council Press & Publicity department of the outcome for wider local exposure.
- Full recovery of fraudulent overpayments of benefit to deter further abuse.
- Produce an Annual Counter-Fraud Business Plan.
- Review this policy on a regular basis taking into account wider corporate fraud aims.

Corporate Framework

In order for the Benefit Counter Fraud Strategy to be effective, support and co-operation is required from across the Council. The Council's Corporate Anti-Fraud Policy requires employees to report to the appropriate manager, any impropriety. Sound procedures need to be maintained within all service areas, which have a role in respect of administration of benefits. Additionally sound recruitment procedures are required to ensure that internal abuse is minimized and any prospective fraudster does not manage to gain employment in these sensitive areas. The Council also has an employee declaration specific to areas within fraud, benefits and revenues which requires employees to provide details of: -

- Persons known to them, in receipt of benefit
- Properties owned by them and let out

Managing Benefit Administration

Clear responsibilities and standards are required within the administration of Benefits. In addition the importance of timely and good communication between internal sections such as One Stop Shop, Customer Service, Revenues & Benefits, Housing, Information Technology and Legal areas of the Council is vital. Good communication is required internally between officers and also externally between the officers, claimants and landlords.

We will employ quality controls checks and carry out performance monitoring to ensure standards are upheld and provide adequate training, flexibility and development to ensure we have an excellent administration. These factors will allow accurate gathering of data, assessment and verification of benefit applications. It is important that we identify irregularities arising from claim analysis and refer suspicions to the Fraud Team.

It is an integral part of that administration that everyone is aware of the risks of fraud and knows what to do when they suspect it. Consequently, the Council will further seek to promote counter-fraud awareness throughout the Benefit Service and other affected service areas within the Council.

Fraud Team

The Council will take steps to ensure that its fraud officers are fully up to date with current counter fraud issues. It is essential that staff remain up to date with policy & procedures and new staff are trained to a professional standard.

The Council is subscribed to NAFN – National Anti-Fraud Network and uses this service to gather intelligence and evidence to assist with the investigation work and criminal prosecutions.

The Council is committed to partnership working across its service provision. The Fraud team works within the national Fraud Partnership Agreement with the Department for Work & Pensions' (DWP) Fraud Investigation Service (FIS). We set and maintain locally agreed service standards with FIS in the form of Ad Hoc meetings between managers & as active members of locally held fraud liaison meetings with the other Northamptonshire Council's at which FIS staff are invited and

encouraged to attend.

Where opportunity arises the Fraud team will work on joint initiatives with other departments and agencies including Trading Standards, Police, Immigration and Licensing on a wide variety of proactive exercises.

The Council will continue to maintain a network of partnerships to ensure the proper exchange of intelligence and good practice on counter fraud matters, whilst observing necessary confidentiality requirements.

Preventing Fraud & Error

The Council has a commitment to comply with principals of the Verification Framework in its attempts to prevent fraud and error from entering the system. We must have adequate procedures in place to verify and validate documents and forms, combined with accurate assessment of claims to support this.

With good liaison between all staff and a commitment to regular fraud awareness sessions this checking process will also assist in the detection of fraud and referrals to the fraud team for Investigation.

The Council has an Intervention Team that assists with this process by visiting customers. They use some of the latest technology to enable them to review the customers claim, check the declarations made previously and update the systems with changes while still in the customer's home.

Managing Investigations

It is the Council's duty to protect the Public Purse so there will always be a need to investigate irregularities. The preventative measures may deter some opportunist but those who are set on providing false information and/or failing to declare relevant changes in circumstances may succeed. Designated Fraud Investigation Officers, who will be professionally trained and resourced, will carry out investigations. They must work to a specific Code of Conduct given the sensitive nature of their duties. Additional features must be maintained such as Safety and Visiting Procedures and joint working with the Department for Work and Pensions fraud staff.

When investigating benefit fraud, the Council's fraud investigators and authorised officers will work within the guidelines of the Police and Criminal Evidence (PACE) Act 1984, The Human Rights (HRA) 1998, Regulation of Investigatory Powers (RIPA) Act 2000, The Data Protection (DPA) 1998, and The Criminal Procedures and Investigations (CPIA) Act 1996 and apply the Council's policies on equalities and customer care. The Council's officers will, at all times, apply appropriate procedures to maintain confidentiality.

Prosecution and Fraud Investigation

An investigation carried out by Officers charged with the duty of investigating possible fraud has one important function, to establish the facts.

It is essential that the Officers remember the importance of this function in the investigation and be aware of any tendency to look for evidence at the expense of

retaining a balanced view.

Criminal prosecutions take place in a minority of cases, if investigators ensure they establish the facts, it is easier to bring a successful prosecution in appropriate cases, and time will not need to be spent gathering further evidence after the event.

The Council will ensure that its fraud investigation officers understand that, under section 67(9) of the Police and Criminal Evidence (PACE) Act 1984 they are persons charged with the investigation of crime and are, therefore, subject to the same restraints as the police, especially those contained in PACE.

Legal Proceedings

The Council is committed to a prosecution and sanction based, quality driven investigation strategy and supporting a consistent approach to the investigation of joint cases with the DWP fraud officers. The aim wherever possible, is to bring the whole criminality against the benefit system before the Courts.

Northampton Borough Council will not hesitate to prosecute an individual or group of individuals, whom deliberately and knowingly set out to de-fraud the benefit system. Equally, it will not hesitate to prosecute those who fail to declare relevant changes in circumstances.

When alleged frauds are detected, the decision whether to refer matters for prosecution rests with the appropriate Council's Officer's, who will use the following criteria: -

1. Is there a realistic prospect of a conviction? (The evidential test)
2. Is a prosecution in the public interest? (The public interest test)

The Council will only start or continue with a prosecution when the case has passed both tests.

It is very important to remember that a decision to prosecute an individual is a serious step. Fair and effective prosecution is essential to the maintenance of Law and Order even in a small case; a prosecution has serious implications for all involved – victims, witnesses and defendants. Northampton Borough Council applies its Prosecution Policy (appendix A), so that it can make fair and consistent decisions about prosecutions. Each case is unique and will be considered on its own facts and merits.

Appendix A (Northampton Borough Council Prosecution Policy) sets the criteria and considerations that should be applied in making these decisions. Appendix B is a flow diagram highlight how each stage fits into the next.

Publicity

The Council will seek to obtain appropriate publicity on individual prosecutions to send a clear message to the general public that we are committed to protecting the public purse and to potential Fraudsters a deterrent message that the council will not tolerate fraud and offenders can face criminal charges.

In all publications we will endeavour to advertise the Benefit fraud hotlines and e-mail account supported by the Council to encourage people to continue to support us in our efforts to reduce fraud in the system.

Hotlines

- **0300 330 7000** Internal benefit fraud hotline (24hour service with both Officer and answer phone contact)
- **0800 3286340** External free phone national hotline run by the DWP.
- **reportfraud@northampton.gov.uk** - e-mail address
- There is an E-Form available to the public on the website that can also be used to report a fraud.

Recovery of Overpayment

The Council will seek to recover the full fraudulent overpayment as a deterrent to future attempts to defraud the benefit system. Where prosecution has taken place a claim for compensation may be made towards the overpayment and the remainder will be sought through civil action as appropriate.

Recording and production of management information

The administration of benefits and the detection of benefit fraud have a significant effect on the subsidy claimed by Northampton Borough Council. Consequently sufficient management information is required in order to ensure that maximum subsidy is claimed accurately.

Additionally analysis of data will enable resources to be directed to the area of most effect. This applies in terms of administration and fraud detection.

Summary

- The Council is committed to the ensuring that the *right* benefit gets to the *right* people at the right time.
- The Council will act against those people who obtain benefits to which they are not entitled as a result of fraudulent activity.
- The Council will seek to ensure that any benefit obtained to which a claimant is not entitled is repaid in full. However, the Council will take care not to place anyone into a situation of financial hardship.
- The Council will respect the lives of all persons involved in an investigation of alleged benefit fraud and pay full regard to the legislation in dealing with these people.

5. Duties and Responsibilities

All Staff

It is the responsibility of every member of staff working for Northampton Borough Council to report incidents of suspected Fraud & Corruption.

Investigation Officers

It is the responsibility of each Investigator to raise and maintain an Investigation file (or electronic equivalent) and record all events during the investigation on the FIMS computer system and in accordance with CPIA 1996.

At the conclusion of a case the file will either be closed, as there was no criminal case to answer, or passed to the Fraud & Intervention Team Leader for consideration of further action. The file will contain details of the offences, the overpaid amounts and a summary of the actions taken. The investigator will always check the DWP (Department for Work and Pension) and NAFN (National Anti-Fraud Network) database for previous benefit fraud sanctions and convictions before issuing a caution or penalty.

All outcomes will be fully recorded within the FIMS system, and appropriate documents will be passed to the DWP & NAFN for central registration to ensure further attempts to defraud by the same person are considered for prosecution as a first option.

A press release will be prepared and passed to the Press & Publicity section for publication in the local press to maximise the deterrent affect.

They will complete a report that identifies why they consider the sanction is appropriate, why it is considered in the public interest, and any aggravating or mitigating circumstances before presenting a recommendation.

Fraud & Intervention Team Leader

Responsible for reviewing the cases and checking policy has been applied correctly, The team leader will look at the wider issues of the case and the best interest of Northampton Borough Council before endorsing the recommendation. The case is then passed to the appropriate legal section for a final decision.

Legal Team

The legal team will review the prosecution case and provide guidance on further action that may be required or evidence that needs to be acquired in order that the case may be correctly presented. The final decision on whether the case should proceed is the responsibility of the legal team.

6. Legal Framework

When considering counter fraud activity, Northampton Borough Council must operate under relevant legislation. Listed below are the main Legislative frameworks we work to.

Social Security Administration Act 1992
Theft Act 1968.
Social Security Administration (fraud) Act 1997
Code for Crown Prosecutors
Home Office guidance Circular 30-2005
Human Rights Act 1998
Crime & Disorder Act 1998
Data Protection Act 1998
Criminal Procedures and Investigations Act 1996
Police & Criminal Evidence Act 1984
Local Government Act 2000
Regulation of Investigatory Powers Act 2000
Fraud Act 2006.

7. References to Corporate Plan/Community Strategy/LAA/LSP/Sub-Policies/Procedures/Related work

Whistleblowing Policy – Held within the employee handbook.
Corporate Plan
Benefits Business Plan
Department for Work and Pensions Guidelines
Fraud & Intervention Procedures

8. Consultation/Focus Groups/Consultative Groups/Expert Advice/Legal Advice/Financial Advice-Equality Impact Assessment

This policy has been passed to the following groups for comment.
Governance Section.
Northamptonshire Local Authority Fraud sections
Legal Services

9. Research/Benchmarking/How others deal/have dealt with this issue

This policy has been derived from the previous counter fraud policy and the prosecution policy. References have been taken from publications from Manchester City Council, Bristol City Council, Torrington District Council and Solihull Metropolitan Borough Council.

10. Process Documents

DWP – Fraud Procedures in Investigation – FPI guide (on NAFN website)
[Intervention Procedures](#)
[Fraud Admin Procedures](#)
[Fraud Procedures](#)

11. Training Requirements

The policy will be available to all staff via the Intranet.
Housing Benefit & Service Staff will receive a e-mailed copy for reference
In addition the document will be stored on the Fraud shared drive for ease of access.

12. Implementation, Monitoring and Review

The Prosecution Policy part of document needed formal agreement with members before implementation; this is both a requirement for performance standards and an audit recommendation. There are no significant changes in the 2012 review that would require a new decision from Council.

The Fraud & Intervention Team Leader will review the policy to ensure it remains fit for purpose and will be updated as required.

Significant amendments will be returned to members for agreement.

13. Performance and Risk

This policy impacts NI180 as it effects how we tackle fraud & error encourage customers to report the correct changes on time.

Despite changing national indicators The Fraud & Intervention Team remains an important aspect of benefit administration and local crime reduction. Targets will be set annually to measure performance as a department and individual officers.

This will impact on Northampton residents that use the Housing Benefit service as we will , as appropriate, require individuals to submit data as a review of their circumstances by various methods, including home visits.

The implementation of the policy will not effect to the performance of the fraud team, the contents of the document are currently being adhered to and operating to acceptable standards.

14. Appendices inc Work/Implementation Plan

Equalities Impact Assessment – Appendix C

Implementation – The policy will be used as a draft document until the document can be present to full council for approval.

Prosecution Policy

When alleged frauds are detected, the decision whether to refer matters for prosecution rests with the appropriate Council Officer, who will use the following criteria: -

1. Is there a realistic prospect of a conviction? (The evidential test)
2. Is a prosecution in the public interest?

The Council will only start a prosecution when the case has passed both tests.

In making the decision to prosecute, the following guidance would be used: -

- The amount of money obtained and the duration of the offence.
- The suspect's physical and mental condition both at the time any offence was committed and at the time prosecution is being considered
- Is the offence serious enough or is there a real possibility it could be repeated
- Voluntary disclosure.
- Co-operation by the suspect
- Any previous incidence of fraud.
- Does the defendant have previous convictions, administration penalties or cautions that are relevant to the present offence
- Whether a conviction is likely to result in a significant sentence.
- Whether there is evidence that the defendant was a ringleader or an organiser of the offence.
- Whether there is evidence of the offence being premeditated.
- Whether the person is in a position of authority or trust.
- Whether there are grounds for believing that the offence is likely to be continued or repeated, for example, by a history of recurring conduct.
- Whether the offence is widespread in the Local Area.
- Whether the Court is likely to impose a very small or nominal penalty.
- Whether the defendant has put right the loss or harm that was caused
 - Defendants must not avoid prosecution simply because they can pay compensation.

- Failure in the investigation, including delay.

Deciding on the public interest is not simply a matter of adding up the numbers of factors on each side. The Council must decide how important each factor is in the circumstances of each case and go on to make overall assessments.

Financial Guidelines

Financial guidelines are introduced to show a consistency of approach when applying the prosecution policy and deciding on the appropriate sanction, however, each case is unique and will be considered on its own facts and merits.

Regardless of the amounts involved, Northampton Borough Council will proceed directly to a prosecution where it considers the actions or inactions of the individual(s) warrant disposal through the court system.

Prosecution cases

Prosecution will be proceed for all cases where the total overpayment exceeds £3000 and the criteria above has been appropriately considered.

Formal cautions and administration penalties

The Council may consider offering a Formal Caution or an Administration Penalty depending on the circumstances of an individual case, before this is considered the following circumstances must apply.

- Evidential requirements for prosecution are satisfied, **and**
- Overpayment is less than £3,000

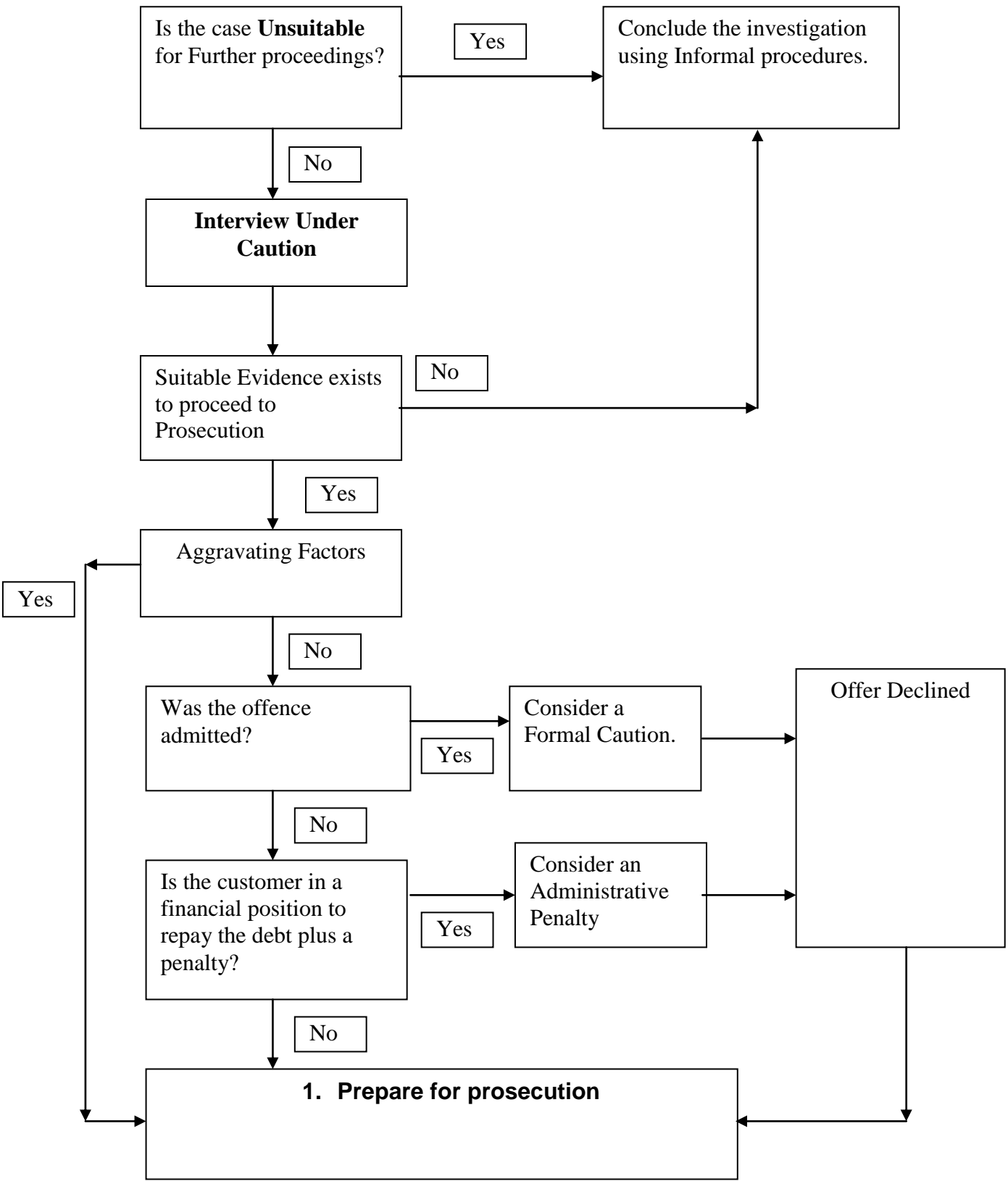
In order for a case to be considered for a Formal Caution, the customer must admit to the offence during an interview under caution and show some remorse for their actions. Northampton Borough Council will apply Home Office Guidance Circular 30-2005 when administering formal cautions.

As an alternative to a Formal Caution or in cases where the offence has not been admitted and the overpayment is less than £3000 we can consider an Administrative Penalty. In these cases we should be aware of the customers financial position and be mindful that the further penalty can be repaid by the customer or recovered by the council in line with any local anti-poverty strategies and that this will not cause the customer to further offend in order to repay the debt. In these cases we may consider that the case should proceed directly to prosecution.

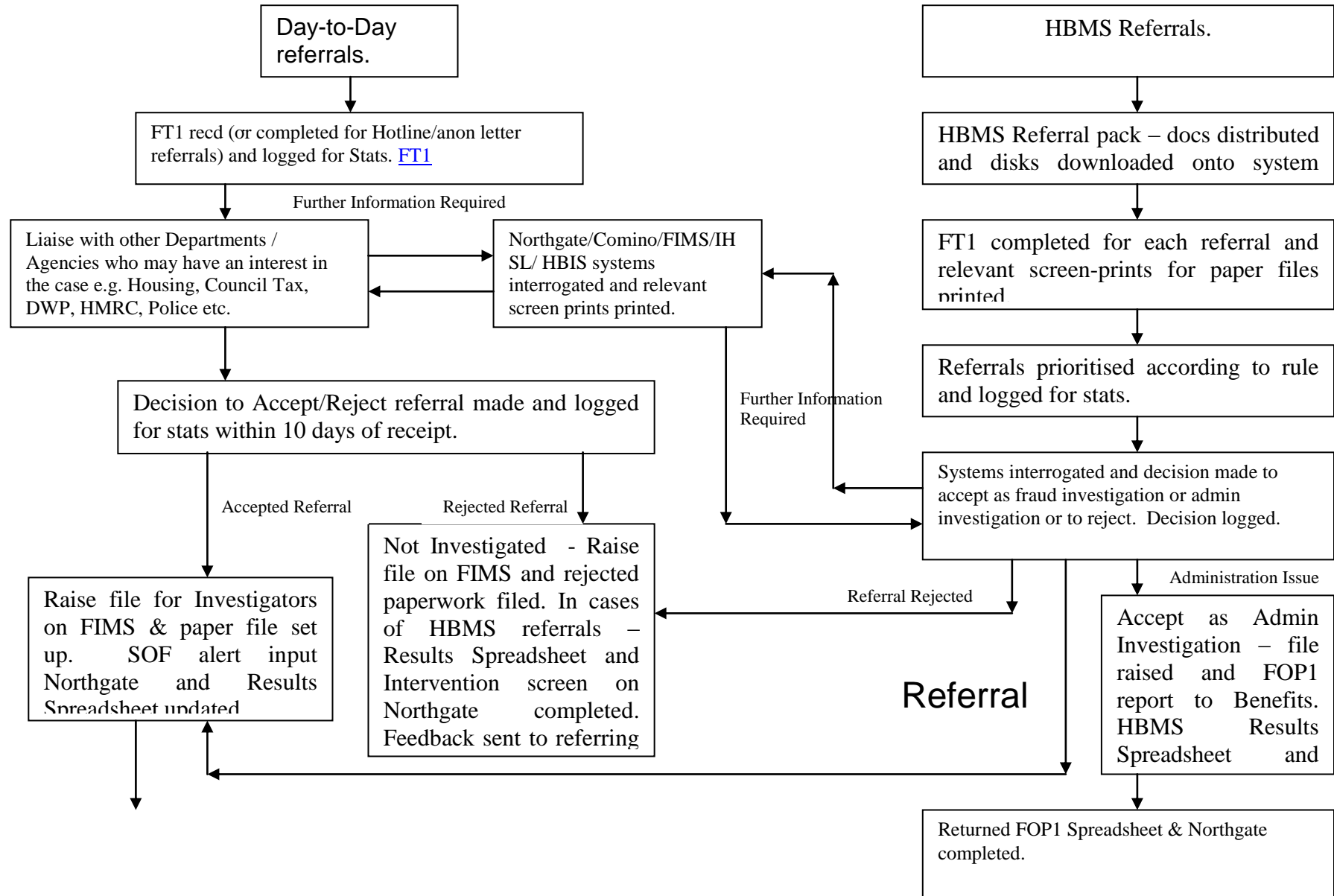
In addition, any net overpayment of less than £50 is deemed too low to attract an administrative penalty (but not a caution). This does not mean that the debt will not be recovered by other means (deductions from current benefit or by way of Sundry Debt procedures).

In applying these guidelines we must consider the impact on partnership working. We will ensure, when working with other agencies that the policy is not a barrier to presenting the full extent of a fraud before the courts. As a general rule the policy of the prosecuting authority will provide the basis on how to proceed.

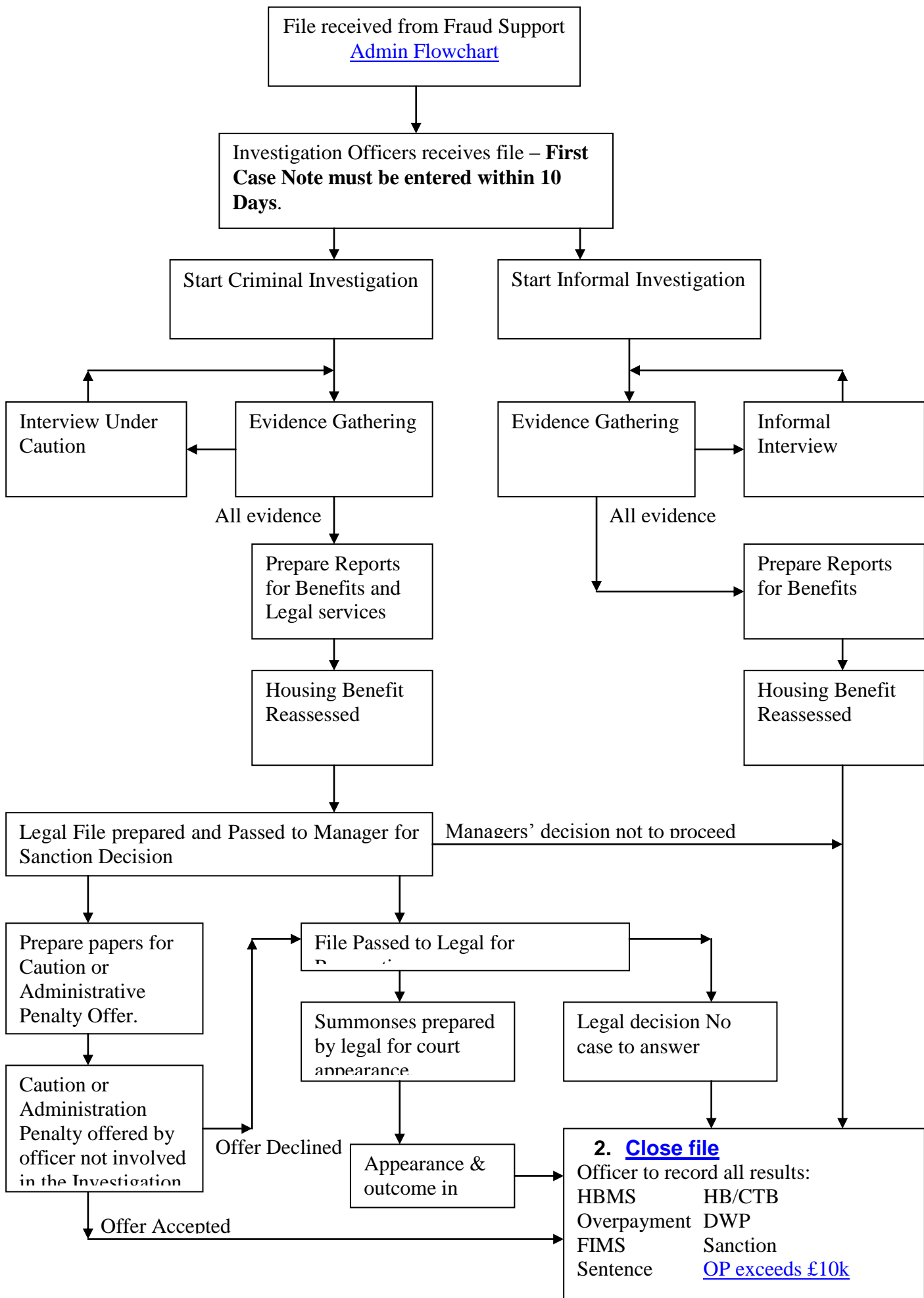
The process for the first time offenders where the overpayment is under £3000



Appendix B - Fraud Support – Flow Diagram



Appendix C Fraud– Flow diagram



Appendix D

1. Template for Initial Screening



Equality Impact Assessment – screening.

Name of Strategy/Policy Fraud & Intervention
April 2011

Date of Assessment:

Is this a new or updated Policy? New Updated

How is the Strategy/Policy finalised/adopted: Cabinet/Board Delegated

Lead Officer conducting the assessment: Matthew Steele Job Title: Benefits & Fraud Manager

Service area: Revenues & Benefits Contact details:
msteele@northampton.gov.uk

Others involved in the assessment (*this could include service users, front line officers, people with specialist knowledge or interest*):

Sara Essex

Identify what the activity is trying to achieve – why is the Policy/activity¹ required (*is there a statutory duty, how was the issue identified, who was the originator of the activity, etc*).

The Activity of the fraud & Intervention team falls under the remit of protecting the public purse.

Purpose of the Policy/activity. (*What does the activity entail? Consider how the activity relates to the council's equality and diversity duties and strategic priorities, etc*).

Identification of incorrectly paid benefit and where appropriate prosecution of offenders.

Identify the main beneficiaries or people affected by the issue (*who benefits or is affected - local residents and users of area, community at large, visitors to the town, contractors working in the area, people delivering the service etc*).

The beneficiaries are the Tax Paying public generally and the local tax payers. The groups most effected will be by definition the more vulnerable demographic who are suffering financial hardship.

What information exists already?

Data collected in the FIMS fraud management system, spreadsheets used to record visiting activity, Northgate Benefit System and Customer Services Access Data.

¹ Policy/activity in this context includes policies, services, strategies, functions, projects, plans, restructures, major events, etc

Has any consultation been undertaken on this or related issue?

No

Are any reports or other relevant documents available from our organisation or from partners or other sources?

Office of National Statistic

Which parts of the activity have the potential for adverse impact or to discriminate unlawfully? (*Factors or issues that could contribute to inequality, consider risks and opportunities*).

Undeclared partners are rarely prosecuted as it is the other partner that makes the claim and receives the payments of benefits, statistically this undeclared partner is Male and therefore the activities will generally impact on the Female partner.

Unemployment in the younger age groups is currently high (ONS see attached) and therefore incidents of fraud statistically will increase.

Access to service is in English; therefore no English customers may have difficulty accessing services or understanding & communicating changes.

HB/CTB regulations are complicated and can be difficult for a pensioner, especially one new to benefits, to handle the forms, phone calls and soon to be internet access to our services, perceived fraudulent activity could be investigated when the problems are an understanding of what is required.

Could a particular sector of the community be disadvantaged by the strategy/policy.

Yes No (*give details of any evidence you may have*)

If yes, proceed to undertake a full [Equality Impact Assessment](#) (EIA)

If no, then have this confirmed by the Corporate Equalities Steering Group representative for your area and signed off by your Service Head / Corporate Director/ Board. In the event of any queries, check with a member of the Policy team.

Action points (*please make this SMART-state what/who/how/when*)

I agree that this policy/activity should not proceed to a full Impact Assessment
(If appropriate, date equality impact assessment will commence)

Confirmed by:

Signed by:

Please attach a copy of this screening to the document it relates

✓

Copy to be sent to Policy Team Leader at policy@northampton.gov.uk

✓

Fraud & Intervention Equalities Impact Assessment

Full Equality Impact Assessment - Fraud & Intervention.

Introduction

The Fraud and Intervention service has been set up to identify error within the Housing & Council Tax Benefit System this error will take the form of mistakes customers forgot or were not aware needed reporting or fraudulent miss reporting to claim benefit illegally.

In cases where fraud is proven we will follow the guidelines set by the Counter Fraud & Prosecution Policy to inform officers on the appropriate action to deal with offenders.

Background

This should give information about the perceived problems with the policy/activity that were identified in the initial screening. Do describe how the policy/ activity is being delivered at present. Include details of what the issue under consideration looks like, who delivers it, what factors influence it and/or drive it, what resources exist, who is affected by its application, what information is known about it.

The screening identified the following points: -

- Undeclared partners are rarely prosecuted as it is the other partner that makes the claim and receives the payments of benefits, statistically this undeclared partner is Male and therefore the activities will generally impact on the Female partner.
- Unemployment in the younger age groups is currently high (ONS see attached) and therefore incidents of fraud statistically will increase.
- Access to service is in English; therefore non English Speaking customers may have difficulty accessing services or understanding & communicating changes.
- HB/CTB regulations are complicated and can be difficult for a pensioner, especially one new to benefits, to handle the forms, phone calls and soon to be internet access to our services, perceived fraudulent activity could be investigated when the problems are an understanding of what is required.
- Disabled access is covered in the access to services by Customer Services as we use their facility to conduct almost all of the interviewing. We also have mobile recording devices that means the interviews can be located at any mutually agreeable site.

At present the guidelines we receive from the DWP with regard to undeclared partners state that to involve the partner in the investigation and potential prosecution

they have to actively be involved in the Fraud. This is rarely the case as they are passive in their benefit of the claim put in by their partner who receives all monies and correspondence.

Youth activity is more transient in the job market, and with the economic climate and the propensity for agency workers there is a greater potential for this younger age groups to work on & off and deem it unnecessary to change their benefit status. FIMS (fraud management information) data suggests increases in fraud in the 25 & under brackets compared to more static levels in the other groups.

While we have language services it can be intimidating to make those initial enquires to start to claim benefit. Then, when claiming, remain aware of the rules and to report changes appropriately.

While this document does not imply that all pensioners find it difficult to claim HB, the volume and diversity of information needed can be daunting for anyone, certainly if you haven't made a claim before pensionable age. With confusion come the potential to omit vital information that can lead to fraud investigation and potentially a sanction.

Baseline data and research

This section should show how you collected your data, the sources and methodology used. It should give a clear analysis of all the quantitative data that is relevant to your service and make comparisons with the representation of particular groups in Northampton.

The quantitative data must include data on ethnicity, gender, disability, sexuality and age. If you have no monitoring data on any of these areas you should explain why, you should also include in your actions how you will monitor in future all the areas where there are currently gaps. Do include information regarding the staff who delivers this service, if this is appropriate.

It should also have an analysis of qualitative data your service has monitored by equalities groups (e.g. satisfaction surveys, focus groups, questionnaires, research - consultation etc.). It should also outline any gaps that were found in the data and any actions that resulted from the exercise for data collection in this area in future.

The data for this document were derived from Links held on the Northampton Borough Council website. The information was held on the office of national statistics website. I have also utilised some information held on the FIMS (fraud management) system although reference to Ethnicity, Disability and Sexuality are not recorded.

The FIMS data has been recorded according to total cases both as investigations and those investigations where an overpayment was recorded and therefore a perceived error occurred. The information is produced through a custom report suite and the data calculated and manipulated through Microsoft Excel.

I also attempted to obtain details of the data from the Customer Relationship Management (CRM) system but am informed this data is not recorded.

Consultation

This should outline why you carried out a consultation, who was consulted, did you include those groups affected by the policy/function/change, how and why they were chosen, and the consultation methods used. Full impact assessments should include consultation with equalities groups and internal or other specialists in the equalities areas. There may be occasions when information can be made available from consultation or research carried out elsewhere (this can be in-house or by partners or externally). If so, please give full details and justify your decision. Consultation may be carried out at the start of the process, in the course of normal policy making, and can also be undertaken to validate and challenge any findings and proposals made. Further help or guidance can be sought from the Policy Team.

Consultation within this remit is difficult and emotive, it is not appropriate at point of contact with a customer who is suspected of fraud to do an exit survey or ask the information directly. The responses are likely to be bias dependent on the interview and how it is perceived it went.

In preparing the document I have asked Community Law Services (CLS) & Citizen Advice Bureau (CAB) to comment on the service in equalities terms as our customer base use these organisations when they find themselves being investigated. Their insight from a customer perspective should be more balanced and constructive, as it will not have an emotive element. I also contacted Northamptonshire County Council to provide similar feedback from the perspective of the Community Access Language Service (CALs) who we use for our interpreting services.

The Interventions team do carry out work that involves community groups such as St Crispins village, the Millhouse residents group and the YMCA and continue to seek to get involved with and maintain connections with a number of organisations. Access to this service is as varied as we can make it with contact by phone, post, personal visit to the home or their visit to the one-stop-shop.

Results of the consultation

This should include all the key issues that arose during the consultation process, e.g. notes of any meetings, summary of any replies received.

Assessment of impact on particular groups

This should include a detailed assessment on the policy or activity's impact on the different groups (gender, different racial groups, Disabled people, Lesbians, Gay Men, Bisexuals, Transgender people, older and younger people, different religion or beliefs) - this will come from the Initial Impact Assessment. It should give details of any ways in which the policy / activity could have an adverse impact on any of these groups e.g. where any equalities groups are over- or under-represented. Indicate if there are any positive impacts.

The Undeclared partner in an investigation is rarely prosecuted despite benefitting from the fraud, this in part is due to policy set by the Department for Work & Pensions who will only prosecute if the undeclared partner has paid an 'active role' in the fraud. This does statistically influence the female partner who is usually the one who has to claim the benefit, sign all the documents and receive the monies. While we could chose to deal with non-DWP cases differently this would create further inequality in dealing with these cases.

We target employment agencies as they were considered, by Lord Grabiner's report, organisations where the potential for employing individuals who commit benefit fraud as high. With youth unemployment high and agencies providing employment on an ad hoc arrangement there is the potential for unreported work. While we target these organisations we have the potential to gain a greater percentage of younger people. The statistic held in appendix A show an increase in the cases in the 25 & under category both in total cases and percentage overall.

Access to service is in English; therefore non English Speaking customers may have difficulty accessing services or understanding & communicating changes. We continue to monitor access customer access to service through the CRM, we have the language line and the Community Access Language Service (CALs) who provide interpreting service to the council and we ask if the customer would like to arrange for this ready for any interviewing. This area is covered through Customer Services and we will continue to utilise the service, as it is a requirement of the Police & Criminal Evidence Act 1984.

HB/CTB regulations are complicated and can be difficult for a pensioner, especially one new to benefits, to handle the forms, phone calls and soon to be internet access to our services, perceived fraudulent activity could investigated when the problems are an understanding of what is required. We have involved ourselves with Age concern and would continue to do so when looking at pensioner related benefit changes.

How will this impact be addressed?

This should outline all the options that were considered to mitigate the adverse impact of the policy / activity i.e. modifications to the way the policy operates. In other words - you have looked at the data and identified issues – **What are you going to do about them?** It should have a clear list of actions that you intend to take as a result of the equality impact assessment's findings.

In undeclared partner cases by recording the reasons why a partner was or wasn't included in the sanction we can both understand the issue and address the actions of individuals on a case-by-case basis. The option could have been unilateral approach and include all partners but this would cause inequality for individuals who also had DWP investigations.

Given the activity with agencies it isn't practical to cease looking at these cases. The council is involved with a Youth forum and this may well be an ideal opportunity to speak to young people to deliver a fraud awareness message and perhaps an insight into wider issues faced by young people claiming benefit.

Pensioner fraud comes from two areas unreported details that they maintain they are unaware should be reported and deliberate miss-representation of circumstances to gain a benefit advantage. It is difficult to distinguish between the two and there is potential for pensioners to be interviewed under caution unnecessarily. It is important that we maintain sufficient information on our website and in the One-Stop-Shop so they are properly informed and if possible supply information to Age Concern so that only those who deliberately target benefits fraudulently are challenged and where appropriate, punished.

Performance and monitoring arrangements

Monitoring for the department is done through a Service Improvement & Action Plan, this document highlights all areas of improvement, the officers responsible for the individual items and the timescales. An equalities area has been set up on this plan and the actions from this document will be fed into this.

Publication of EIA

This should state how you intend to publish the equality impact assessment and to let all interested parties know the outcome of the equality impact assessment. The minimum legal requirement is that a summary will be on the council's website. Template available. For guidance, contact the Communications Team.

Discuss with Robin Bates

Conclusions

With Fraud & Intervention there will always be the potential for equalities impact, while I am confident that we have little impact equalities areas, as we follow the strict

guidelines of Law & Regulation it would be unrealistic to assume we do not have an impact somewhere. One issue that has come from the full assessment is the lack of data that is kept in the 6 equalities areas that could show what has been achieved. This will be the next step in improving the service.

With Universal Credits & The Single Investigation Service impacting on the service from 2013 any investment in this area will sensibly have to be minimal as from these dates data on equalities impact may come from another source.

Equality impact assessment Action & Improvement Plan

The table below should be completed using the information from the equality impact assessment to produce an action plan for the implementation of proposals to:

1. Lower the negative impact? **And/Or**
2. Ensure that the negative impact is legal under anti-discriminatory law? **And/Or**
3. Provide an opportunity to promote equality, equal opportunity and improve relations within equality target groups? i.e. increase the positive impact

Please ensure that you update your service/business plan with the equality objectives/targets and actions identified below:

Area of concern/negative impact	Changes proposed	Measure of success/Performance Indicator	Lead Officer	Timescale	Resource implication	Comments
Undeclared Partner investigations	Assessment in all cases on partners 'Active Involvement' in the fraud	Increase the number of appropriate undeclared Partners sanctioned.	Matthew Steele	3 Months	Minimal time implication per case.	
Young persons under-reporting ad-hoc work	Fraud Awareness to or around the Youth Forum	Falling numbers of cases	Matthew Steele	6 Months	Managers time to attend or be involved.	
Pensioner contact	Leaflets to Age Concern northants signposting help & advice. Link	Reduction in overpayments & fraud from pensioners	Sara Essex	6 Months	Leaflet Costs, potential ICT implications.	With welfare reform we have to balance expenditure against impact

	on Age Concern website to HB Data & Contacts					especially as it will be short term.
Collection of Equalities Data	Liaise with Customer Services & CRM project to ascertain what data we can obtain and how	Improved EIA data	Matthew Steele	12 Months	?	
	Improvement in FIMS data retention	Improved EIA data directly from Fraud Cases	Matthew Steele	12 Months	£5k	Again with SIS coming In 2013 is this investment practical.

Sign off (CM/Head of Service):

Date Service/Team Plan updated:

Sampling variability of Labour Force Survey estimates of employment by country of birth and nationality: October to December 2010

	Level	Sampling variability
UK born people in employment (000s, aged 16+)	25,298	± 177
UK born employment rate (aged 16-64)	71.3%	± 0.4
Non UK born people in employment (000s, aged 16+)	3,893	± 112
Non UK born employment rate (aged 16-64)	67.3%	± 1.1
UK nationals in employment (000s, aged 16+)	26,795	± 173
UK nationals employment rate (aged 16-64)	70.9%	± 0.4
Non UK nationals in employment (000s, aged 16+)	2,398	± 96
Non UK nationals employment rate (aged 16-64)	67.9%	± 1.4

Sampling variability of regional Labour Force Survey estimates: December 2010 to February 2011

	Employment level, aged 16 and over (thousands)	Unemployment level, aged 16 and over (thousands)	Economic activity level, aged 16 and over (thousands)	Economic inactivity level, aged 16 to 64 (thousands)	Employment rate, aged 16 to 64 (%)	Unemployment rate, aged 16 and over (%)
North East	± 32	± 17	± 29	± 35	± 1.8	± 1.3
North West	± 49	± 23	± 45	± 55	± 1.1	± 0.7
Yorkshire & The Humber	± 44	± 24	± 41	± 49	± 1.2	± 0.9
East Midlands	± 37	± 19	± 34	± 44	± 1.3	± 0.9
West Midlands	± 47	± 27	± 44	± 52	± 1.3	± 0.9
East of England	± 44	± 20	± 41	± 47	± 1.1	± 0.7
London	± 67	± 37	± 61	± 68	± 1.2	± 0.9
South East	± 56	± 27	± 52	± 61	± 1.0	± 0.6
South West	± 45	± 20	± 41	± 49	± 1.2	± 0.8
Wales	± 33	± 18	± 31	± 39	± 1.7	± 1.3
Scotland	± 44	± 23	± 41	± 50	± 1.3	± 0.9

2. FIMS Age Profile	2008/09	2009/10	2010/11
Total Cases Investigated	501	1283	1622
Total cases 25 & Under	66	177	232
Total Cases with Overpayment	470	524	672
Total Cases with O/P under 25 years	64	62	93
% Cases under 25	13%	13.8%	14.3%
% Cases under 25 with O/P	13.6%	11.8%	13.8%

Resident Population Estimates by Ethnic Group (Percentages), 2007

		Northampton Non- Metropolitan District	East Midlands Region	England Country
All Persons	Jun-07	202800	4399600	51092000
White	Jun-07	87.9	90.9	88.2
White: British	Jun-07	83.5	88	83.6
White: Irish	Jun-07	1.6	0.8	1.1
White: Other White	Jun-07	2.8	2.1	3.5
Mixed	Jun-07	2.2	1.4	1.7
Mixed: White and Black Caribbean	Jun-07	0.9	0.6	0.6
Mixed: White and Black African	Jun-07	0.3	0.2	0.2
Mixed: White and Asian	Jun-07	0.5	0.4	0.5
Mixed: Other Mixed	Jun-07	0.5	0.3	0.4
Asian or Asian British	Jun-07	4.8	5	5.7
Asian or Asian British: Indian	Jun-07	2.5	3.3	2.6
Asian or Asian British: Pakistani	Jun-07	0.7	1	1.8
Asian or Asian British: Bangladeshi	Jun-07	1.1	0.3	0.7
Asian or Asian British: Other Asian	Jun-07	0.4	0.4	0.7
Black or Black British	Jun-07	3	1.5	2.8
Black or Black British: Caribbean	Jun-07	1.4	0.7	1.2
Black or Black British: African	Jun-07	1.4	0.7	1.4
Black or Black British: Other Black	Jun-07	0.3	0.1	0.2
Chinese or Other Ethnic Group	Jun-07	2	1.1	1.5
Chinese or Other Ethnic Group: Chinese	Jun-07	1.4	0.7	0.8
Chinese or Other Ethnic Group: Other Ethnic Group	Jun-07	0.7	0.4	0.7

3. FIMS Gender Profile	2010/11	
Total cases	1639	
	Male	Female
Cases	703	919
%	43%	57%
Total Cases where Overpayment Identified	671	
	Male	Female
Cases	318	353
%	48%	52%

**Report on Tenancy Fraud
December 2012**

Tackling the issue of housing fraud is a high priority for local authorities as it is a costly and emotive subject. According to the latest figures from the Audit Commission, tenancy fraud has almost doubled in the last three years, from 50,000 to 98,000 unlawfully occupied properties in England. The National Fraud Authority (NFA) has estimated that this costs the public purse **£900m per annum**.

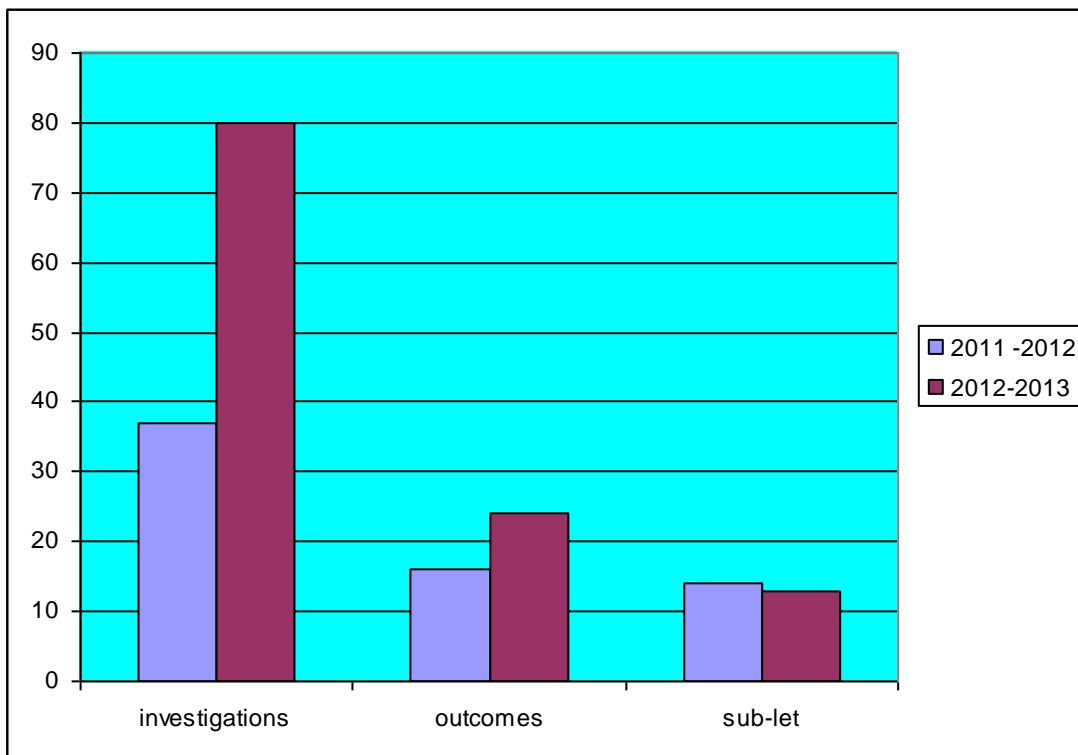
In human terms we must also consider that many families that are denied access to social housing by unoccupied properties have to live in temporary accommodation, often unsuitable to their needs.

Most common types of tenancy fraud are:

Sub-letting – renting out a property without permission

Succession – living in a property after someone has died without the right to do so.

Cases investigated 2011 / 2012 compared with cases investigated 2012 / November 2013



The graph shows that during 2011 / 2012 we investigated 37 cases of suspected tenancy fraud leading to 16 outcomes of which 14 were sub-let properties returned for re-allocation.

According to “protecting the public purse 2012” the audit commission reported the total number of properties recovered from tenancy fraud in the East Midlands region was 21. With this in mind we have a proven comparable level of success.

This current year up to the end November we have investigated 80 cases of suspected tenancy fraud and have had 13 cases of sub-letting and the properties returned for re-allocation with a further 11 outcomes including a succession.

The Data match exercise with a credit reference agency

In August we received data showing 74 high-risk cases. Following a sifting process 65 cases were looked into by way of a fraud investigation. The fraud team worked with the housing officers to establish the facts surrounding the risk report.

Outcomes from the data match exercise

Outcomes from 65 high risk matches	Number of properties / investigations	Value
Exchanged / transferred tenancy	3	£457.44 Benefit overpayment
Terminated / keys returned	8	8x £20,000=£160,000
Evicted	1	£18,000
Abandoned	1	£20,000
Open cases	6	Unknown
Closed no further action	46	
Total outcomes	13	£198,457.44

The values are estimated figures to represent the cost saving equivalent with the exception of the Benefit overpayment. £18,000 is the average estimated cost used by the audit commission representing housing a family in temporary accommodation. £2,000 represents estimated legal fees for further action.

The audit commission also use a representative figure of £150,000 for the building cost of a new unit of social housing.

There are 6 cases still open which may lead to a further 2 estimated outcomes.

Summary

This initiative has highlighted the need for continued vigilance given the growing demand for accommodation, current economic climate and budget focus on doing more for less.

The Council could face some reputational risk by not continuing tenancy fraud investigation. This is a growing area of concern and becoming one of the most talked about risks to public funding. The introduction of Welfare Reforms will place additional pressure on the Councils recourses and our customers increasing the risk of fraud even further.

The fraud and housing teams have developed a good working relationship and practices to tackle tenancy fraud and appear to be taking a regional lead, which we would like to build upon.

Next steps and recommendations

We would like to continue to improve the service and our focus on addressing tenancy fraud. This will enable Northampton Borough Council to demonstrate a clear and continuing commitment to its anti-fraud culture.

There are a number of areas that could be started or enhanced these include: -

- Further Periodic data matching reviews with credit agencies
- Greater focus on Housing Stock investigations from the Bi-Annual NFI report.

- Promotion of tenancy fraud reporting internally & externally utilising both telephone and on line reporting.
- Strengthened fraud awareness, E-learning training and reporting procedures.
- Work in Partnership with other LA's and agencies with an aim to establish a regional best practice group.
- Utilise the upcoming changes in legislation to enhance the service, with prosecution standards and a greater deterrent effect (The Prevention of Social Housing Fraud Bill 2012 /13 will make the subletting of social homes a criminal offence)
- Move from re-active to proactive tenancy investigations, looking at verification of eligibility at tenancy allocation.

To do this successfully Northampton Borough Council will need to acknowledge the work that has been done and the value of the fraud strategy going forward alongside this budget arrangements will need to be secured to ensure the work can continue.

Equality impact assessment: Summary Report

The results of equality impact assessments must be published. Please complete this summary, which will be used to publish the results of your impact assessment on the authority's web site and return it to the Policy Team

Date of Assessment:	
Completing Officer's Title/Position: Matthew Steele – Benefit & Fraud Manager	
Leading Officer's Name and members of the Equality impact assessment team: Matthew Steele / Sara Essex / Kevin Whiteman	
Policy/Activity that was Impact Assessed: Fraud & Intervention	
Summary of findings: Limited impact on Single Females, Young Persons and Pensioners. Lack of corporate data available to give definitive feedback.	
Summary of Recommendations and Key Points of Action Plan: Improved assessment at the conclusion of Undeclared partner cases. Deliver a fraud awareness session to the youth forum Improve links with Age Concern and accessibility of data in leaflets and websites. Feed into the Improvement of data collection.	
Groups that this policy will impact upon: ALL or:	
Race	
Gender	√
Sexual Orientation	
Age	√
Disability	
Religion or Belief	
Other	