

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of Meeting – 19 July 2011

PART A

AGENDA ITEM

5

Title: **Fraud Annual Report 2010/2011**
Report of: Garry Turner – Fraud Manager (Shared Services)

1.0 SUMMARY

1.1 This report informs Members of the work of the Fraud Section for the financial year 2010/2011 and provides updates on developments for the current financial year.

2.0 RECOMMENDATIONS

2.1 The contents of this report are noted.

Contact Officer:

For further information on this report please contact:

Garry Turner - Fraud Manager

telephone extension: 727190

email: garry.turner@watford.gov.uk/garry.turner@threerivers.gov.uk

Report approved by: Bernard Clarke, Head of Strategic Finance
David Gardner, Director of Corporate Resources & Governance

3.0 DETAILED PROPOSAL

- 3.1 Housing Benefit and Council Tax Benefit are national welfare benefits administered by the Councils' on behalf of the Department for Work and Pensions (DWP). A complex legal framework is in place to define who is entitled to benefit and to reduce fraud and error in the system.
- 3.2 The Councils' are committed to providing an Anti-Fraud Service which is supported by efficient policies, sanctions for those that offend and reflects legislative changes. Countering fraud is the responsibility of everyone working in or having responsibility for Housing Benefit (HB) and Council Tax Benefit (CTB). It is an integral part of that administration that everyone is aware of the risks. Unfortunately, however good the administration of benefits is it is always likely fraud will enter the system by deliberate acts.
- 3.3 Between them the Councils' and the DWP administer around 40 different types of benefits. The Councils' expenditure on benefits totalled circa £58m (35m Watford BC and 23m Three Rivers DC) in 2010/11.
- 3.4 The DWP sets the standards which govern the effective and secure delivery of benefits and counter fraud activities. These standards are set out in the Performance and Good Practice Guide. The purpose of the guide is to ensure that counter-fraud activities are properly managed. It is important to focus resources on fraud reduction, to identify, investigate and rectify administrative weakness and to assure Members of the integrity and quality of investigations.
- 3.5 The funding for counter-fraud activities is paid via the general administration grant we receive from the DWP.
- 3.6 As part of the Shared Services initiative, the Watford and Three Rivers Fraud teams are co-located into one office in Three Rivers House, Rickmansworth. The team also occupy an office in the annex at Watford BC which is shared with internal audit.
- 3.7 During 2010/11 the Councils' issued the following sanctions;

Action	No of Cases WBC	No of Cases TRDC	Total
Administrative Penalties	13	16	29
Cautions	6	7	13
Prosecutions	17	13	30

- 3.8 In 2010/11 a total of 396 investigations were completed. (196 for Watford BC and 200 for Three Rivers DC)
- 3.9 A total of 217 interviews under caution were completed in 2010/11 (Watford BC and Three Rivers DC). A breakdown between the two Councils is not

currently available. These interviews are tape-recorded interviews in accordance with the Police and Criminal Evidence Act 1984. The majority take place in the Council offices with the remainder being conducted in a Police station. Generally, those conducted in a Police station are where the customer has been arrested and a search of their premises has been conducted.

- 3.10 In 2010/11 a total of 861 referrals for investigation were made. Of these 85 were rejected as they failed their risk assessment. A referral breakdown is shown below;

Information Source	No of Cases WBC	No of Cases TRDC
Housing Benefit /Council Tax Section	29	38
Other internal Council Departments	9	21
External sources including Police	72	94
National Fraud Initiative	38	14
Housing Benefit Matching Service (HBMS)	201	213
Fraud Hotline and anonymous letters	39	37
Department for Works and Pensions (DWP)	24	32

- 3.11 The investigation team has raised the following overpayments in respect of fraudulent claims;

Benefit Category	Amount WBC	Amount TRDC	Total combined
Housing Benefit	£135,300	£119,131	£254,431
Council Tax Benefit	£41,611	£44,116	£85,727
Other Benefits	£74,769	£34,719	£109,488
Total	£251,680	£197,966	£449,646

- 3.12 The service continues to take part in various data matching exercises. These include the National Fraud Initiative (NFI) and Housing Benefit Matching Service (HBMS). The NFI is an Audit Commission mandatory exercise that matches data within the Council and between participating bodies to prevent and detect fraud. These matches are not confined to just benefit fraud and include for instance concessionary travel passes matched with deceased person records and taxi drivers matched to Asylum Seeker records. In January 2011 we received 2,573 matches from the Audit Commission in respect of the NFI (1,409 WBC and 1,164 TRDC). Of these matches 797 were classified as being recommended and therefore analysed (398 WBC and 399 TRDC). The exercise is continuing and to date 54 cases have been subject to a financial investigation. In

December 2011 we are due to receive matches relating to Council Tax Single Persons Discounts (SPD).

3.13 In respect of the HBMS, we have experienced some disruption in receiving the matches in a timely manner. The matches are sent to ICT via a secure encryption file which is then de-encrypted and sent to Fraud. We are continuing to work with ICT to improve the process and identify the causes for the previous disruption.

3.14 The Councils' have continued to work jointly with the DWP, the Police, Immigrations and other local authorities.

3.15 Performance indicators ;

	Watford BC 2010/11 based on 60% of the service target	TRDC 2010/11 based on 40% of the service target	Target for Shared services	Outturn for shared services
Number of cases closed following investigation	196	200	320	396
Number of sanctions issued	36	36	60	72

3.16 In 2010/11 we have continued to consider the impact of the recession on the continuing risk of fraud. Economic stress can increase the incentive to commit fraud. We have assessed the effectiveness of our current arrangements and focussed on high risk areas which include where customers fail to report changes in circumstances in a timely manner. We have also worked on corporate cases to reduce fraud and the reputational damage it can cause. We have a specific Anti-Fraud and Corruption Policy, Housing and Council Tax Fraud Policy, Sanction Policy and Whistleblowing Policy. We also have a Fraud Response Plan which deals with non-benefit fraud. These policies are harmonised between the two Councils'.

3.17 In January and May 2011 the Fraud team appeared twice on BBC1 Saints and Scroungers. The cases shown were selected due to the complexity of the frauds and the quality of the investigations and resulting prosecutions. As a consequence of these shows we received a number of referrals for investigation from the general public. This publicity is integral to enhancing the reputation of the Councils' and hopefully discouraging those individuals who may consider committing fraud. Some examples of publicity are shown at **Appendix A**.

Action to Date

- 3.18 Since April 2011 we have issued a further four sanctions. We have a further five cases currently in court.
- 3.19 We have just released an E-learning training package on Fraud Awareness, Whistleblowing and Money Laundering. This training will be mandatory for all Council staff and will also be issued to Members.
- 3.20 All fraud staff from our Shared Services team now work generically on matters relating to Watford BC and Three Rivers DC, adding more resilience to our team and therefore combining expertise. In addition to investigating benefit fraud, the fraud team investigates corporate fraud which includes internal investigations and other areas within the Council affected by fraud.
- 3.21 In November 2010 we investigated and prosecuted a Watford BC housing officer after information was received from a member of the public expressing concerns regarding his conduct. Following our enquiries and intelligence checks the officer was arrested and interviewed by the fraud team. He was subsequently prosecuted for offences relating the Fraud Act 2006. The officer had provided false information on his application for employment and was found to be a director of a lettings agency company. Some of this work for his company was found to have occurred whilst he was employed by Watford BC. The officer following conviction was sentenced to a fine and Watford BC was awarded £400 in compensation. The reputational damage for the Council could have been severe had we not acted immediately.
- 3.22 In October 2010 a new Fraud and Error Strategy was published. The strategy focuses on reducing fraud and error across all the welfare benefit programmes including tax credits administered by HMRC. The report estimates that of the £190 billion the Government pays out in benefits, tax credits and child benefit, £5.2 billion is lost to fraud and error. The plan has proposals for the creation of a new single replacement benefit known as Universal Credit. The proposal is that this scheme will replace a number of different benefits currently operated by local authorities, HMRC and the DWP including housing benefit. It is proposed a new council tax rebate scheme will be developed. Additionally, the new strategy proposes the creation of a new single fraud investigation service. The time scales proposed are currently between October 2013 and 2018. A new Welfare Reform Bill is being presented to Government to consider these changes. There has been a lot of opposition to these proposals by the Local Government Association and the National Fraud Authority. The Communities Secretary, the Rt Hon Eric Pickles MP has also issued guidance to Councils on adopting a more aggressive strategy to reduce fraud generally. It is proposed a further report updating Members is presented when more information becomes available.

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 None specific to this report but the successful identification of fraud will reduce expenditure of local authorities and central government.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 None specific.

Appendices

Appendix A examples of publicity.

Background Papers

No papers were used in the preparation of this report. Details were obtained from the Fraud Management system.

File Reference

None

Watford benefit cheat given community order

9:13am Wednesday 23rd June 2010

By Neil Skinner

A benefit cheat has been sentenced to a 12 month community order and ordered to pay £250 costs to [Watford Borough Council](#).

Antonietta Ferrazanno, of Woodford Road, Watford, had continued to claim housing and council tax benefit after starting work in December 2006 – when she started to receive working tax credits as well.

As a result she was overpaid to the tune of more than £7,000.

Ferrazanno appeared at Hemel Hempstead Magistrates Court this month, where she was sentenced to a 12 month community order and ordered to carry out 100 hours of unpaid work. She was also ordered to pay £250 costs.

Councillor [Andy Wylie](#), responsible for financial issues, said: “This prosecution and conviction demonstrates that [Watford Borough Council](#) will always investigate claims of benefit fraud and take a firm line on all benefit offences.”

Group <http://www.watfordobserver.co.uk>

Benefit cheat from Watford escapes jail

2:59pm Thursday 9th December 2010

By Michael Pickard

A benefit cheat who wrongly claimed housing and council tax allowance has escaped jail. Alan Grace, from Abbey View, Watford, continued to claim the benefits, alongside income support, after starting work.

Following an investigation by [Watford Borough Council](#) and the Department for Work and Pensions (DWP), Grace admitted failing to notify both agencies about his change in circumstances.

Last month he appeared at Watford Magistrates Court where he pleaded guilty to four offences. The amount of housing and council tax benefit wrongly paid to him was £5,079.40 and income support was £14,357.73.

Then at Hemel Hempstead Magistrates Court on November 29, he was sentenced to 12 weeks in prison, suspended for 12 months, with a 12 month supervision order. He also had to pay £60 costs to [Watford Borough Council](#) and £40 to the DWP.

Councillor [Andy Wylie](#), cabinet member with responsibility for financial issues at Watford Borough Council, said: “This successful prosecution highlights the close cooperation between council officers and the Department of Work and Pensions. Pooling our intelligence means that benefit cheats are more likely than ever to be found out.”

To report a fraud, telephone the council’s Freephone Fraud Hotline on 0800 4589200, email fraud@watford.gov.uk or write to the council’s Fraud Section at the Town Hall, Watford, Hertfordshire WD17 3EX.

Group <http://www.watfordobserver.co.uk>

Benefit cheat from Watford must repay £4,000

8:10am Tuesday 21st December 2010

By Michael Pickard

A benefit cheat from Watford has been handed a 12 month community order and must repay more than £4,000 after admitting fraud.

Marco Martins, 42, claimed £4,764 in housing benefit and council tax benefit between 2005 and 2009 but failed to declare his wife had been working. He had also accepted additional work.

It was during a data match exercise with the Department of Work and Pensions that [Watford Borough Council](#) discovered an “inconsistency”.

An investigation then found Martins was employed by Manpower Recruitment Agency, and had also taken extra work from Extrastaff Employment Agency.

Martin, from Cecil Street, admitted the offence in an interview under caution and then appeared at Watford Magistrates Court on December 6, where he pleaded guilty to two charges of dishonestly failing to notify the council of a change in his circumstances.

He was sentenced to a 12 month community order with a work requirement of 120 hours, ordered to pay costs of £430 to the council and repay the full amount of overpaid benefit.

Councillor [Andy Wylie](#), cabinet member responsible for financial issues, said: “The council carries out monthly data matching exercises with the Department for Work and Pensions, which helps identify potentially fraudulent claims and payments. Where a match is found it indicates there is an inconsistency that requires further investigation.”

To report a fraud, telephone the council’s freephone fraud hotline on 0800 458 9200, email fraud@watford.gov.uk or write to the council’s fraud section at the Town Hall, Watford WD17 3EX.

Group <http://www.watfordobserver.co.uk>

Bernadette O'Driscoll branded 'fantasist benefit cheat' on BBC1 Dominic Littlewood show Saints and Sinners *6:24pm*

Wednesday 12th January 2011 By Amie Mulderrig

A villager from Abbots Langley has been thrust into the limelight, after she was exposed on television as a “fantasist who swindled the state out of thousands of pounds”.

Bernadette O’Driscoll, formerly of The Retreat, but now living in Leavesden High Road, was featured in BBC 1 show Saints and Sinners.

Following a court case at [St Albans Crown Court](#), in May 2009, O’Driscoll was found guilty of obtaining money transfers by deception, making false representations to obtain benefits, and using a false instrument, and given an 18-month suspended sentence.

On Friday morning, the programme branded her a benefit cheat, after she illegally claimed more than £40,000 in benefits, over a period of 14 years.

Instead of admitting her guilt, she tried to dupe [Three Rivers District Council](#) with a forged trust document for a niece, dated before the beneficiary had been born.

According to the Dominic Littlewood-presented programme, she had applied to a literary housing charity for housing and financial assistance.

The organisation accepts applications from residents in need, who have connections to the literary world.

O'Driscoll, daughter of John Roberts, founder of Ariel Press, claimed to have no savings or assets, but that her father had literary connections.

She then applied for income support and to have her rent and council tax paid. Over six years, O'Driscoll claimed more than £40,000, leading a "privileged life courtesy of the taxpayer."

But she was caught out by fraud investigators from the council, who had received a tip off that she was being dishonest.

Annie Hickles, senior fraud investigator for the council, said on the show: "We got an anonymous phone call that Bernadette O'Driscoll owned a property in Wales.

"I looked up on a website to see if this property in Wales existed, and if it had been sold recently.

"Once this was confirmed, I sent off for a land registry check, which confirmed that Bernadette O'Driscoll purchased the property in September 2005 for £88,950, in cash.

"This would put her capital **investment** over £16,000, so she wouldn't have entitlement to housing or council tax benefit.

"On the application form, there are questions which specifically ask if the person claiming is in receipt of any property, partly-owned, than the home living in, Ms O'Driscoll said no."

The fraud team unearthed further discrepancies when O'Driscoll was summoned for questioning under caution.

She revealed she had previously sold a property in Bristol, but had used the capital for a trust set up in the name of her niece.

O'Driscoll, who has a law degree along with an impressive array of qualifications, used her legal knowledge to produce a fake Trust document in the name of her niece, but investigators easily saw through the ruse, which led to her convictions.

Newsquest Media Group. <http://www.watfordobserver.co.uk>

Woman jailed after fraud probe by Three Rivers District Council and Department for Work and Pensions Organised Crime Unit

4:30pm Wednesday 7th April 2010

By Adam Binnie

A serial benefit cheat has been found guilty of a string of fraud charges following a five day trial at Ipswich Crown Court.

Miss Tinuola Oladayo Oginni was originally arrested in Harrow in 2007, after allegations she was claiming unemployment, housing and Council Tax benefit, despite owning a business.

She was charged with four counts of housing benefit fraud relating to the [Three Rivers District Council](#).

Since then extensive enquiries were undertaken by fraud investigators from Three Rivers District Council, plus several other Local Authorities, as well as the Department for Work and Pensions Organised Crime Unit.

They discovered that Miss Oginni owned a number of properties both in the UK and abroad as well as a business providing her with extensive income, all of which had never been declared to the authorities.

Miss Oginni was re-arrested in Stevenage in October 2009 and, following interview, was charged with a number of further benefit fraud related offences, receiving a jail sentence of 21 months.

Newsquest Media Group <http://www.watfordobserver.co.uk>

Croxley Green parish councillor Frank Brand fined for benefit fraud

12:24pm Wednesday 26th May 2010 **By Neil Skinner**

A Croxley Green parish councillor has been fined by magistrates after pleading guilty to five counts of benefit fraud.

Councillor Frank Brand, of Baldwins Lane, admitted the offences at Watford Magistrates Court on Friday.

[Three Rivers District Council](#) had obtained evidence to show that Councillor Brand, who was claiming benefits, failed to disclose “substantial funds” held in undeclared savings accounts. He was also, the council alleged, receiving undeclared income.

Although the bench considered a custodial sentence, Councillor Brand argued that he was in poor health, suffering from a condition that necessitated the use of oxygen at night.

He was instead handed a fine of £2,000, ordered to pay £400 costs and a £15 victim surcharge.

Newsquest Media Group

<http://www.watfordobserver.co.uk>