

**REPORT TO: POLICY AND RESOURCES COMMITTEE - 12 MARCH 2012**

**REPORT ON: COUNTER-FRAUD REPORT - AS AT 31 DECEMBER 2011**

**REPORT BY: DIRECTOR OF FINANCE**

**REPORT NO: 117- 2012**

#### **1.0 PURPOSE OF REPORT**

This report is to inform the Elected Members on the Revenues Division's Housing Benefit and Council Tax Benefit Counter Fraud activity as at 31 December 2011

#### **2.0 RECOMMENDATIONS**

It is recommended that the Committee approve the Counter-Fraud Performance Report.

#### **3.0 FINANCIAL IMPLICATIONS**

None

#### **4.0 MAIN TEXT**

Counter-fraud performance and comparison data for the previous year

- Counter-Fraud staffing levels have returned to normal levels within this quarter. However, it will still be some time before officers are fully trained in all aspects of counter-fraud activity. The turnover in staff in the last year has impacted in a number of areas including the number of investigations undertaken and level of overpayments identified by the counter-fraud section. The turnover of staff has also impacted on the number of successful sanctions including submissions to the Procurator Fiscal by the Council's counter-fraud unit.
- There has been an increase in the number of referrals received by the Counter-Fraud Section in comparison to the previous year. This increase is due to a higher level of data-matching activity within the Department.
- There has been an increase in the number of successful Prosecutions in Court. 13 guilty verdicts have been reached in comparison to 8 in the previous year. The increase in cases referred to the Procurator Fiscal at the end of the last financial year and the speed in which the Courts have been dealing with submissions sent by the counter-fraud team has resulted in the increase in guilty verdicts.

#### **5.0 POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty and Quality Impact Assessment.

There are no major issues.

The Equality Impact Assessment which has been carried out will be made available on the Council's website <http://www.dundee.gov.uk/equanddiv/equipact/>

#### **6.0 CONSULTATIONS**

The Chief Executive and Depute Chief Executive (Support Services).

#### **7.0 BACKGROUND PAPERS**

Equality Impact Assessment

<b>M M Stewart Director of Finance</b>	<b>Date:</b>	
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## COUNTER-FRAUD SECTION PERFORMANCE

POSITION STATEMENT AS AT 30 September 2011	2011-2012	2010-2011
Completed investigations	232	259
Investigations where either a reduction or cessation of benefit transpired	97	135
Percentage	42%	52%
Overall Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the income table below)	£324,100	£425,967
Overall Benefit Overpayments identified by the counter fraud section including DWP overpayments (100% figure as opposed to 40% as used in the income table below)	£579,583	£732,963
LA Benefit Fraud Overpayments	£99,233	£151,290
LA benefit Claimant Error Overpayments	£224,867	£274,677
DWP benefit Fraud Overpayments	£255,483	£306,996

### SUBSIDY FROM COUNTER FRAUD ACTIVITY (40%)

INCOME SOURCE	COUNCIL TENANTS HOUSING BENEFIT	PRIVATE TENANTS HOUSING BENEFIT	COUNCIL TAX BENEFIT	TOTALS
* Benefit Overpayments	£	£	£	£
Classified as Fraud	£16,558	£15,678	£7,457	£39,693
Classified as Claimant Error	£20,683	£48,577	£20,687	£89,947
Administrative Penalties created				£1,190
<b>TOTALS</b>	£37,241	£64,255	£28,144	£130,830

\* The Department for Work and Pensions pay subsidies to local authorities for administering the Housing Benefit and Council Tax Benefit schemes. There are certain areas of benefit spending where local authorities have scope to monitor and control costs and for such cases, subsidy is paid at a reduced rate.

Where a benefit overpayment has been classified as either fraud or claimant error, then the local authority receive subsidy to the value of 40% of these overpayments. The local authority will also endeavour to recover in full, from the claimant, the overpaid benefit.

COMPARISON	2011-2012	2010-2011
Fraud Overpayments	£39,693	£60,516
Claimant Error Overpayments	£89,947	£109,871
Administrative Penalties created	£1,190	£3,868

## POSITION STATEMENT QUARTERLY FRAUD STATISTICS

Benefit overpayments identified by the counter fraud section from which 40% subsidy is received

	Q1 April - June £	Q2 July - Sept £	Q3 Oct - Dec £	Q4 Jan - March £	TOTAL FOR FINANCIAL YEAR
2011-2012	*147,243	124,471	52,386		£324,100
2010-2011	213,410	113,342	99,215		£425,967

\* Quarter 1 figures revised since previous Quarter report

ACTIONS TAKEN	2011-2012	2010-2011
Prosecutions referred to Procurator Fiscal	21	30
Administrative Penalties	18	24
Administrative Cautions	9	12
Total Sanctions	48	66
Joint working sanctions	28	32
LA sanction variances (where action has been found necessary that is outside the Benefit Sanction Policy - once approved by Committee this aspect of our work is added to the policy)	0	0
Joint Working sanction variances	0	0

## PROSECUTION POSITION STATEMENT

	Guilty Verdicts		Not Guilty		*No Proceedings (reasons outside the Council's control)		** No Proceedings (reasons within the Council's control)		Reports referred	
	DWP led joint cases	LA cases including LA led joint cases	DWP led joint cases	LA cases including LA led joint cases	DWP led joint cases	LA cases including LA led joint cases	DWP led joint cases	LA cases including LA led joint cases	DWP led joint cases	LA cases including LA led joint cases
2011-2012	7	6	3	0	0	0	3	0	17	4
2010-2011	4	4	1	0	5	2	0	0	21	9

## HOUSING BENEFIT RECOVERIES AND FRAUD RETURNS (HBRF)

With effect from 01April 2008 the Performance Standards have been replaced by the Housing Benefit Recoveries and Fraud returns.

HBRF	2011-2012	2010-2011
No of full time equivalent fraud investigators at the end of each quarter.	4	4
No of cases referred to the LA fraud investigation section during the quarter	315	245
No of cases subject to investigation by the fraud section that were closed during this quarter	59	84
Total number of cases under investigation that related to DWP administered benefits that were closed during this quarter	1	0
Number of cautions offered and accepted during the quarter	1	6
Number of administrative penalties offered and accepted during the quarter	2	9
Number of administrative penalties offered and accepted with a DWP benefit interest during the quarter	0	0
Number of cases accepted for prosecution during the quarter	*13	11
Number of cases accepted for prosecution with a DWP benefit interest during the quarter	0	0
Number of prosecutions resulting in guilty outcomes (include guilty please and verdicts) during the quarter	**3	11
Number of prosecutions resulting in guilty outcomes with a DWP benefit interest during the quarter	0	0

\*The decision to prosecute rests with the Procurator Fiscal and the Council has no control over these particular statistics. Furthermore, the above statistics only reflect the number of cases the Fiscal has accepted for prosecution during the quarter which may not be in the quarter which it was originally passed to the Fiscal.

\*\*The criteria for what constitutes a guilty outcome has been changed by the DWP in the last year. Previously any report sent to the Procurator Fiscal was treated as successful. However, DWP have bow confirmed that only cases where a guilty outcome has been found in Court is recorded.

## PERFORMANCE AGAINST TARGET - ACTIONS TAKEN

Target Type	Yearly Target	Achieved (DCC led)	Achieved (DWP led)	Combined total	% of year performance to date
Accepted Prosecutions	100%	4	17	21	100%
Successful Prosecutions	7	6	7	13	186%
*Sanctions	49	20	28	48	98%

## PERFORMANCE AGAINST TARGET - REFERRALS

Target Types	Yearly Target	Achieved (average)	Target achieved to date
Receipt of referral (allegation) to assessing and allocating for investigation	10 day	10 days	yes
Outcome of referral assessment to start of investigation	28 days	3 days	yes

RECOVERY OF BENEFIT FRAUD OVERPAYMENTS	2011-2012 %	2010-2011 %
Paid in full	58.82	56.17
Automatic deductions from ongoing benefit entitlement	12.18	14.39
Arrangement in place	3.67	3.99
Total % cases recovered or where recovery in place	74.67	74.55
Total % non-recoverable cases (technical , LA or DWP error)	0.59	0.64
Total % write off cases	11.83	11.57
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	12.91	13.24

COUNTER-FRAUD REFERALLS RECEIVED	2011-2012	2010-2011
Council Non-Revenues	68	66
Revenues	352	360
External to Council	499	422
Totals	919	848
Public	333	248

(included in External to Council count)		
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<b>COUNTER-FRAUD IMPACT ON BENEFIT PROCESSING</b>	<b>2011-2012</b>	<b>2010-2011</b>
Total no of cases where matters raised by counter-fraud activity have required action by Revenues in order to secure the benefit system further against fraud	2	0

<b>INVESTIGATION PERCENTAGE SUCCESS RATE</b>	<b>2011-2012</b>	<b>2010-2011</b>
Percentage success rate on case closures	18.97	19.69%
No of current live investigations	166	184

<b>COMPLAINT MONITORING</b>	<b>2011-2012</b>	<b>2010-2011</b>
No of complaints received in relation to our counter-fraud activity	1	0

<b>Marjory M Stewart</b> Director of Finance	<b>Date:</b>	
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