

REPORT TO: POLICY AND RESOURCES COMMITTEE – 18 MAY 2015

REPORT ON: COUNTER-FRAUD REPORT - AS AT 31 MARCH 2015

REPORT BY: DIRECTOR OF CORPORATE SERVICES

REPORT NO: 185-2015

1.0 PURPOSE OF REPORT

This report is to inform the Elected Members on the Revenues Division's Counter Fraud activity as at 31 March 2015

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 is detailed on the attached appendix and the main highlights are summarised below.

- Total amount of overpayments identified by the team for the year 2014/15 is £1,891,420.00. This is the highest the team has ever achieved.
- The Fraud Team continue to increase their non-benefit fraud cases and the total of corporate savings identified for the year 2014/2015 is £232,301.00
- The amount of referrals that the team received this year has risen by 41% compared to the previous year. Much of this due to the team receiving Corporate Fraud referrals

5.0 POLICY IMPLICATIONS

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

An Equality Impact Assessment was previously carried out and fully addresses the content of this report, article IX of the minute of meeting of the Policy and Resources Committee of 11 June 2012. Report No 209-2012 refers.

6.0 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services.

7.0 BACKGROUND PAPERS

None

M M Stewart Director of Corporate Services	Date:	2015
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COUNTER-FRAUD SECTION PERFORMANCE

Social Security Benefits	2014-2015	2013-2014
Completed investigations	319	234
Investigations where either a reduction or cessation of benefit transpired	136	84
Percentage	43%	36%
Housing Benefit/Council Tax Benefit Fraud and Error Overpayments (100% figure as opposed to 40% as used in the income table below)	£577,174	£520,638
* Overall Benefit Overpayments identified by the counter fraud section including DWP overpayments and Tax Credits	£1,659,119	£1,009,454

* Council Tax Benefit was abolished from 01/04/2013. The total level of overpaid Benefits in the table above will still include elements of overpaid Council Tax Benefit as a result of counter-fraud activity whereby the period affected is prior to April 2013.

SUBSIDY FROM HOUSING BENEFIT COUNTER FRAUD ACTIVITY (40%)

SUBSIDY TYPE	2014-2015	2013-2014
Classified as Fraud and claimant error	£230,869	£169,404
Administrative Penalties created	£4,528	£2,851
TOTALS FOR YEAR TO DATE	£235,397	£172,255

* The Department for Work and Pensions pay subsidies to local authorities for administering the Housing Benefit scheme. 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 Housing benefit overpayment has been classified as 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.

ACTIONS TAKEN	2014-2015	2013-2014
Benefit Prosecution reports referred to Procurator Fiscal	37	36
Guilty Verdicts	22	30
Not Guilty or No proceeding	1	2
Administrative Penalties	6	5

Administrative Cautions	8	3
Total Sanctions	51	44

HOUSING BENEFIT RECOVERIES AND FRAUD RETURNS (HBRF)

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

HBRF	2014-2015	2013-2014
No of full time equivalent fraud investigators at the end of each quarter.	3	4
No of cases referred to the LA fraud investigation section during the quarter	374	236
No of cases subject to investigation by the fraud section that were closed during this quarter	82	65
Total number of cases under investigation that related to DWP administered benefits that were closed during this quarter	0	0
Number of cautions offered and accepted during the quarter	6	0
Number of administrative penalties offered and accepted during the quarter	2	1
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	4	14
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 pleas and verdicts) during the quarter	7	3
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.

PERFORMANCE AGAINST TARGET - ACTIONS TAKEN

Target Type	Yearly Target	Achieved	% of year performance to date
Successful Prosecutions	30	22	73%
Benefit Sanctions	30	51	170%

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 days	2 days	yes
Outcome of referral assessment to start of investigation	10 days	3 days	yes

RECOVERY OF BENEFIT FRAUD OVERPAYMENTS	2014-2015 %	2013-2014 %
Paid in full	65.81	63.86
Automatic deductions from ongoing benefit entitlement	9.5	9.28
Arrangement in place	1.24	0.53
Total % cases recovered or where recovery in place	76.55	73.67
Total % non-recoverable cases (technical , LA or DWP error)	0.52	0.53
Total % write off cases	12.09	13.01
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	8.68	12.79

COUNTER-FRAUD REFERALLS RECEIVED BY TYPE	2014-2015	2013-2014
* Social Security Benefit	1211	1056
DCC Housing Tenancy	64	n/a
Blue Badge	34	n/a
Council Tax Related	182	n/a
School Placing Requests	2	n/a
Totals	1493	1056

* Approximately 88% of Social security Benefit referrals will also relate to Council Tax Reduction.

CORPORATE FRAUD SUCCESSFUL OUTCOMES	2014-2015	2013-2014
Blue Badge	10	n/a
Blue Badge Successful Prosecution	1	n/a
Council Tax Reduction	42	n/a
Council Tax Discounts & Exemptions	72	n/a
Council Tax Discount & Exemptions Report to Procurator Fiscal	4	n/a
School Placing Requests	2	n/a
DCC Tenancy Fraud (properties returned to DCC Housing Stock due to Fraud Investigation)	7	n/a
Total Corporate Fraud Successful Outcomes	137	n/a

CORPORATE FRAUD OVERPAYMENTS	2014-2015	2013-2014
Blue Badge (notional figure of £2000 per Blue Badge seized)	£22,000	n/a
Council Tax Reduction	£18,832	n/a
Council Tax Discounts & Exemptions	£65,469	n/a
School Placing Requests	No Figures Set	n/a
DCC Tenancy Fraud (notional figure of £18,000 per property returned to DCC Housing Stock)	£126,000	n/a
Total Corporate Fraud Actual & Notional Savings	£232,301	n/a

COMPLAINT MONITORING	2014-2015	2013-2014
No of complaints received in relation to our counter-fraud activity	1	0