

REPORT TO: POLICY AND RESOURCES COMMITTEE - 26 APRIL 2010
REPORT ON: COUNTER-FRAUD REPORT - AS AT 31 DECEMBER 2009
REPORT BY: DIRECTOR OF FINANCE
REPORT NO: 215-2010

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 2009

2.0 RECOMMENDATIONS

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

3.0 FINANCIAL IMPLICATIONS

None

4.0 MAIN TEXT

4.1 This report compares the performance of the Revenues Counter Fraud team as at 31 December 2009 against the same period the previous year. The main points to note are detailed below:-

4.2 The Counter Fraud team is now working more closely with colleagues from the Department for Work and Pensions (DWP) in cases where there is possible fraudulent activity in both Housing Benefit / Council Tax Benefit and DWP benefits. This closer working has achieved more successful sanctions in the cases investigated.

4.3 The number of investigations completed by officers has increased from 169 in 2008-2009 to 217 in 2009-2010, a percentage increase of 25%. The improvement in performance is further enhanced due to the fact that the number of investigators dealing with cases reduced from August 2009 due to a member of staff being on maternity leave.

4.4 The number of successful prosecutions rose from 2 in 2008-2009 to 11 in 2009-2010, a percentage increase of 450%. The largest part of this rise was down to the increased joint working between the Counter Fraud team and the DWP.

4.5 In respect of the performance targets, the Counter Fraud team have exceeded the annual targets by the third quarter for 3 of the 4 categories and in some cases by a considerable margin.

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 and no issues have been identified.

6.0 CONSULTATIONS

The Chief Executive, Depute Chief Executive (Support Services) and Assistant Chief Executive

7.0 BACKGROUND PAPERS

None

Marjory M Stewart Director of Finance	Date:	26 APRIL 2010
--	--------------	----------------------

COUNTER-FRAUD SECTION PERFORMANCE

POSITION STATEMENT AS AT 31 December 2009	2009-2010	2008-2009
Completed investigations	217	169
Investigations where either a reduction or cessation of benefit transpired	100	80
Percentage	46%	47%
Overall Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the income table below)	£239,429	£317,383
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)	£368,574	*N/A
LA Benefit Fraud Overpayments	£130,630	£225,203
LA benefit Claimant Error Overpayments	£108,799	£92,180
DWP benefit Fraud Overpayments	£129,145	*N/A

*DWP overpayments statistics is an addition to the reporting this year

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	18,149	22,164	11,940	52,253
Classified as Claimant Error	4,564	25,970	12,985	43,519
Administrative Penalty Income				1,718
TOTALS	22,713	48,134	24,925	97,490

* 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	2009-2010	2008-2009
Fraud Overpayments	52,253	90,081
Claimant Error Overpayments	43,519	36,872
Administrative Penalties	1,718	4,658

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 £
2009-2010	75,543	102,341	61,545		239,429
2008-2009	192,335	41,009	84,039	178,838	496,221

ACTIONS TAKEN	2009-2010	2008-2009
Prosecutions referred to Procurator Fiscal	24	27
Administrative Penalties	25	14
Administrative Cautions	16	13
Total Sanctions	65	54
Joint working sanctions	33	30
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
2009/2010	8	3	0	1	2	1*	1	1	19	5
2008/2009	0	2	0	0	7	1	0	0	20	7

*Test case with specific identity issues to the accused

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	2009-2010	2008-2009
No of full time equivalent fraud investigators at the end of each quarter. This is the substantive no of officers, however, one officer has been on maternity leave from 30 August 2009	5	5
No of cases referred to the LA fraud investigation section during the quarter	211	293
No of cases subject to investigation by the fraud section that were closed during this quarter	58	69
Total number of cases under investigation that related to DWP administered benefits that were closed during this quarter	2	0
Number of cautions offered and accepted during the quarter	7	4
Number of administrative penalties offered and accepted during the quarter	9	3
Number of administrative penalties offered and accepted with a DWP benefit interest during the quarter	0	2
Number of cases accepted for prosecution during the quarter	*5	*16
Number of cases accepted for prosecution with a DWP benefit interest during the quarter	*0	*14
Number of prosecutions resulting in guilty outcomes (include guilty please and verdicts) during the quarter	4	0
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 or even year in which it was originally passed to the Fiscal.

PERFORMANCE AGAINST TARGET - ACTIONS TAKEN

Target Type	Yearly Target	Achieved (DCC led)	Achieved (DWP led)	Combined total	% of year performance to date
Referred Prosecutions	5	5	19	24	480%
Successful Prosecutions	3	2	9	11	367%
Administrative Penalties	20	21	4	25	125%
Administrative Cautions	20	9	7	16	80%

PERFORMANCE AGAINST TARGET - REFERRALS

Target Types	Yearly Target	Achieved (average)	Target achieved to date
Receipt of referral (allegation) to assessing and allocating for investigation	1 day	1 day	Yes
Outcome of referral assessment to start of investigation	5 days	1 day	Yes

RECOVERY OF BENEFIT FRAUD OVERPAYMENTS	2009-2010	2008-2009
Paid in full	52.53	49.92
Automatic deductions from ongoing benefit entitlement	15.32	16.88
Arrangement in place	3.55	6.15
Sheriff Officer recovery in place	0	0.61
Total % cases recovered or where recovery in place	71.4	73.56
Total % non-recoverable cases (technical , LA or DWP error)	0.68	0.93
Total % write off cases	11.22	9.67
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	16.7	15.84

COUNTER-FRAUD REFERALLS RECEIVED	2009-2010	2008-2009
Council Non-Revenues	101	96
Revenues	243	288
External to Council	413	464
Totals	757	848
Public (included in External to Council count)	267	253

COUNTER-FRAUD IMPACT ON BENEFIT PROCESSING	2009-2010	2008-2009
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	2

--	--	--

INVESTIGATION PERCENTAGE SUCCESS RATE	2009-2010	2008-2009
Percentage success rate on case closures	27.65%	34%
No of current live investigations	145	182

COMPLAINT MONITORING	2009-2010	2008-2009
No of complaints received in relation to our counter-fraud activity	0	0

Marjory M Stewart
Director of Finance

Date: 26 April 2010

T:\Reports\215-2010