

REPORT TO: POLICY AND RESOURCES COMMITTEE – 19 MAY 2014

REPORT ON: COUNTER-FRAUD REPORT - AS AT 31 MARCH 2014

REPORT BY: DIRECTOR OF CORPORATE SERVICES

REPORT NO: 219- 2014

1.0 PURPOSE OF REPORT

This report is to update the Elected Members on the Revenues Division's Housing Benefit and Council Tax Benefit Counter Fraud activity as at 31 March 2014

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

- The level of Sanctions and success rates on case closures have decreased in comparison to the previous year. This is mainly due to the focus shifting to investigating the more serious fraud offenders. Another factor in this decrease is a local joint counter-fraud initiative with the DWP. Results from this pilot should be realised in the next financial year.
- Overall overpayments identified from the counter-fraud section has increased significantly in comparison to the previous financial year. This can be contributed to a number of high value cases closed in the final quarter of this financial year.
- There has been a 25% drop in the level of allegations passed to the counter-fraud team from within the Revenues Division who administer Benefits. Significant workload within the Revenues Division may have contributed to this reduction in 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.

The Equality Impact Assessment carried out for report number 209-2012 on 22nd May 2012 fully addresses the content in this report.

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:	
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COUNTER-FRAUD SECTION PERFORMANCE

POSITION STATEMENT AS AT 31 March 2014	2013-2014	2012-2013
Completed investigations	234	308
Investigations where either a reduction or cessation of benefit transpired	84	120
Percentage	36%	39%
Overall Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the income table below)	£520,638	£411,584
* Overall Overpayments identified by the counter fraud section including DWP overpayments and Tax Credits (100% figure as opposed to 40% as used in the income table below)	£1,009,454	£660,959
Housing Benefit and Council Tax Fraud Overpayments	£154,988	£144,544
Housing Benefit and Council Tax Claimant Error Overpayments	£365,650	£267,040
DWP benefit Fraud Overpayments including Tax Credits	£488,816	£249,375

* 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%)

INCOME SOURCE	COUNCIL TENANTS HOUSING BENEFIT	PRIVATE TENANTS HOUSING BENEFIT	TOTALS
* Benefit Overpayments	£	£	£
Classified as Fraud	17,051	35,219	52,270
Classified as Claimant Error	26,468	90,666	117,134
Administrative Penalties created			£2,851
TOTALS	43,519	125,885	£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.

COMPARISON	2013-2014	2012-2013
Fraud Overpayments	£52,270	£45,902
Claimant Error Overpayments	£117,134	£85,021
Administrative Penalties created	£2,851	£1,891

POSITION STATEMENT QUARTERLY FRAUD STATISTICS

Housing 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
2013-2014	73,181	140,585	14,450	£195,292	£423,508
2012-2013	37,769	94,499	92,052	£102,989	£327,309

ACTIONS TAKEN	2013-2014	2012-2013
Prosecutions referred to Procurator Fiscal	36	43
Administrative Penalties	5	15
Administrative Cautions	3	9
Total Sanctions	44	67
Joint working sanctions	26	43

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
2013-2014	24	6	2	0	0	0	0	0	25	11
2012-2013	24	11	1	1	0	1	0	0	34	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	2013-2014	2012-2013
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	236	308
No of cases subject to investigation by the fraud section that were closed during this quarter	65	95
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	0	2
Number of administrative penalties offered and accepted during the quarter	1	0
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	14	*7
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	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.

PERFORMANCE AGAINST TARGET - ACTIONS TAKEN

Target Type	Yearly Target	Achieved (DCC led)	Achieved (DWP led)	Combined total	% of year performance to date
Successful Prosecutions	30	6	24	30	100%
Sanctions	60	18	26	44	73%

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	7 days	yes
Outcome of referral assessment to start of investigation	28 days	3 days	yes

RECOVERY OF BENEFIT FRAUD OVERPAYMENTS	2013-2014 %	2012-2013 %
Paid in full	63.86	62.57
Automatic deductions from ongoing benefit entitlement	9.28	9.72
Arrangement in place	0.53	1.34
Total % cases recovered or where recovery in place	73.67	73.63
Total % non-recoverable cases (technical , LA or DWP error)	0.53	0.56
Total % write off cases	13.01	12.18
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	12.79	13.63

COUNTER-FRAUD REFERALLS RECEIVED	2013-2014	2012-2013
Council Non-Revenues	38	42
Revenues	408	550
External to Council	609	573
Totals	1056	1165
Public (included in External to Council count)	373	396

COUNTER-FRAUD IMPACT ON BENEFIT PROCESSING	2013-2014	2012-2013
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	0	1

INVESTIGATION PERCENTAGE SUCCESS RATE	2013-2014	2012-2013
Percentage success rate on case closures	14.89	20.13
No of current live investigations	231	166

COMPLAINT MONITORING	2013-2014	2012-2013
No of complaints received in relation to our counter-fraud activity	0	0

Marjory M Stewart Director of Corporate Services	Date:	
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