

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

**REPORT ON: COUNTER-FRAUD REPORT - AS AT 30 SEPTEMBER 2012**

**REPORT BY: DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 424 -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 30 September 2012

#### **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

- There has been more successful Prosecutions (guilty verdicts) in the first 6 months of this financial year than the whole of any previous financial year since records began. This can be attributed to a number of factors such as the higher quality of investigative work and standard prosecution reports reported to the Procurator Fiscal and the Fiscals willingness to take action against benefit fraudsters. There has also been a change in strategy by Dundee City Council and the Department for Work and Pensions in pursuing allegations that are more likely to result in Prosecution action being taken against fraud offenders. This has resulted in a much more focused approach to dealing with higher value types of benefit fraud. The change in strategy in prioritising the higher values of benefit fraud has contributed to an increase in the number of reports referred to the Procurator Fiscal. This is likely to continue in the year ahead.
- There has been a decrease in the value of overpayments determined by the counter-fraud section in comparison to the previous year. However, it should be noted that in the previous financial year 2 investigations were closed in the same period with a combined value in excess of £120,000 which far exceeds any overpayments determined in this present year-to-date.

#### **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 is available on the Council website.

<http://www.dundee.gov.uk/equanddiv/equipact/>

There are no major issues.

#### **6.0 CONSULTATIONS**

The Chief Executive and Head of Democratic and Legal Services.

#### **7.0 BACKGROUND PAPERS**

Equality Impact Assessment

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

POSITION STATEMENT AS AT 30 June 2012	2012-2013	2011-2012
Completed investigations	153	173
Investigations where either a reduction or cessation of benefit transpired	60	75
Percentage	39%	43%
Overall Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the income table below)	£182,515	£271,714
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)	£258,145	£450,006
LA Benefit Fraud Overpayments	£79,748	£79,581
LA benefit Claimant Error Overpayments	£102,767	£192,133
DWP benefit Fraud Overpayments	£75,630	£178,292

### 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	10,949	12,647	7,562	31,158
Classified as Claimant Error	3,336	25,975	12,537	41,848
Administrative Penalties created				1,891
<b>TOTALS</b>	14,286	38,621	20,099	74,897

\* 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	2012-2013	2011-2012
Fraud Overpayments	£31,158	£31,833
Claimant Error Overpayments	£41,848	£76,853
Administrative Penalties created	£1,891	£967

## 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
2012-2013	49,762	132,753			£182,515
2011-2012	147,243	124,471			£271,714

ACTIONS TAKEN	2012-2013	2011-2012
Prosecutions referred to Procurator Fiscal	26	8
Administrative Penalties	9	16
Administrative Cautions	7	8
Total Sanctions	42	32
Joint working sanctions	27	17
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
2012-2013	11	9	1	1	0	1	0	0	21	5
2011-2012	3	4	1	0	3	1	0	0	13	6

**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	2012-2013	2011-2012
No of full time equivalent fraud investigators at the end of each quarter.	4	3
No of cases referred to the LA fraud investigation section during the quarter	273	333
No of cases subject to investigation by the fraud section that were closed during this quarter	94	79
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	2	6
Number of administrative penalties offered and accepted during the quarter	6	11
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	*18	5
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	12	5
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	15	9	11	20	133%
*Sanctions	75	15	27	42	56%

**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	2 days	1 days	yes

<b>RECOVERY OF BENEFIT FRAUD OVERPAYMENTS</b>	<b>2012-2013</b> %	<b>2011-2012</b> %
Paid in full	60.32	57.79
Automatic deductions from ongoing benefit entitlement	11.16	13.07
Arrangement in place	2.26	3.45
Total % cases recovered or where recovery in place	73.74	74.31
Total % non-recoverable cases (technical , LA or DWP error)	0.56	0.59
Total % write off cases	11.95	11.65
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	13.75	13.45

<b>COUNTER-FRAUD REFERALLS RECEIVED</b>	<b>2012-2013</b>	<b>2011-2012</b>
Council Non-Revenues	18	55
Revenues	257	223
External to Council	311	349
Totals	586	627
Public (included in External to Council count)	189	236

<b>COUNTER-FRAUD IMPACT ON BENEFIT PROCESSING</b>	<b>2012-2013</b>	<b>2011-2012</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	1	1

<b>INVESTIGATION PERCENTAGE SUCCESS RATE</b>	<b>2012-2013</b>	<b>2011-2012</b>
Percentage success rate on case closures	23.53	21.39%
No of current live investigations	120	160

<b>COMPLAINT MONITORING</b>	<b>2012-2013</b>	<b>2011-2012</b>
No of complaints received in relation to our counter-fraud activity	0	1

<b>Marjory M Stewart</b> Director of Corporate Services	<b>Date:</b>	
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