

REPORT TO: POLICY AND RESOURCES COMMITTEE – 10 SEPTEMBER 2007
REPORT ON: COUNTER-FRAUD REPORT APRIL - MARCH 2006/2007
REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)
REPORT NO: 463-2007

1.0 PURPOSE OF REPORT

1.1 This report is to inform the Elected Members on the Revenues Division's Housing Benefit and Council Tax Benefit Counter Fraud activity for the financial year 2006/2007.

2.0 RECOMMENDATIONS

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

The approved revised Anti-fraud and Anti-Corruption Policy and Malicious Allegation Policy can be viewed on the Council's internet site www.dundee.gov.uk/fraud

3.0 FINANCIAL IMPLICATIONS

3.1 None

4.0 LOCAL AGENDA 21 IMPLICATIONS

4.1 None

5.0 EQUAL OPPORTUNITIES IMPLICATIONS

5.1 None

6.0 BACKGROUND

6.1 The Benefit Fraud Inspectorate advised that the Elected Members should be kept informed about the activity being undertaken by the Counter Fraud Section. As a consequence, the Finance Committee at its meeting held on 14 June 2004 (Article IV(b) refers) agreed to adopt the procedure of quarterly reporting.

7.0 CONSULTATIONS

7.1 The Chief Executive and the Depute Chief Executive (Support Services) have been consulted on this report.

8.0 BACKGROUND PAPERS

8.1 None.

D K Dorward Depute Chief Executive (Finance)		Date:	10 September 2007
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COUNTER FRAUD PERFORMANCE REPORT

Position Statement as at 31 March 2007

COUNTER-FRAUD SECTION PERFORMANCE

1. INTRODUCTION

In July 2003 the Council was inspected by the Benefit Fraud Inspectorate. The resulting report, published on 05 February 2004, included various recommendations, one of which was to make Counter-Fraud operational information available to Elected Members. To address this recommendation, the June 2004 Finance Committee agreed to adopt quarterly reporting.

2. INCOME RECEIVED BY COUNCIL FROM THE COUNCIL'S COUNTER FRAUD ACTIVITY

(April - March 2006/2007)

INCOME SOURCE		COUNCIL TENANTS HOUSING BENEFIT	PRIVATE TENANTS HOUSING BENEFIT	COUNCIL TAX BENEFIT	TOTALS
* Benefit Overpayments		£	£	£	£
	Classified as Fraud	57,926	62,949	42,284	163,159
	Classified as Claimant Error	23,937	25,574	22,397	71,908
Administrative Penalty Recovery					3,681
TOTALS		81,863	88,523	64,681	238,748

*The Council receive a 40% reimbursement on overpayments therefore the reporting reflects 40% of the overpayment levels actually accrued.

Comparison information for the period April to March 2006/2007

Fraud Overpayments		Claimant Error		Administrative Penalties	
£		£		£	
2006/7	2005/6	2006/7	2005/6	2006/7	2005/6
163,159	47,864	71,908	84,735	3,681	4,020

3. REDUCTION & CESSATION OF BENEFITS

Whilst this report primarily deals with our investigations that result in fraud proven, there is a secondary tier of benefit action resulting from cases where the fraud has not been proven but the investigation establishes that the claimant failed to report a change in circumstances that results in their benefit award either being reduced or withdrawn over the period of time the investigation centred on.

Comparison information for the period April to March 2006/2007
(cases not processed during any given month are carried over each month until processed)

	April to March 2006/2007	April to March 2005/2006
Completed & processed investigations	403	395
Investigations where either a reduction or cessation of benefit transpired	209	174
Percentage	52%	44%
Overpaid benefit	£652,159	£365,278

4. PROSECUTION POSITION STATEMENT (as at 31st March 2007)

In those cases reported to the Procurator Fiscal towards the end of a financial year the outcome may not be known until the next financial year. In this respect in the table below the total of reports shown submitted in a financial year may not necessarily equal the total of known outcomes for that same year.

Year	Guilty Verdicts	Not Guilty	* No Proceedings (reasons out with the Council's control)	** No Proceedings (reasons within the Council's control)	Reports referred
2005/2006	3	0	2	0	4
2006/2007	5	0	1	1	13

* The Procurator Fiscal can decide not to progress a case for various reasons but this information is not provided to the Council

** Where the Procurator Fiscal marks a case for no proceedings and there is any fault in either the investigation or the reporting then this is usually confirmed to the Council to implement updates in its procedures

No proceedings cases where the reason for not proceeding was within the Council's control			
	<ul style="list-style-type: none"> Delay 		
	Action Taken		
			Delay is always a difficulty with investigations especially when so much of a case depends on gathering evidence and witness statements etc from external sources.

5. PERFORMANCE STANDARDS FRAUD RETURNS

The Performance Standards relating to benefit fraud have been reviewed by the Department for Work and Pensions and there are now Benefit related Performance Standards with each one having various enablers. These enablers are procedures and processes that need to be in place to underpin the actual Standard. The Council cannot be said to have reached the Performance Standard until both the standard and the enablers are all in place.

There are six performance measurements for benefit fraud.

- No of referrals per 1000 caseload

April to March 2006-7	April to March 2005-6
3.32	3.5

- No of fraud investigators employed per 1000 caseload

April to March 2006-7	April to March 2005-6
0.22	0.21

- No of fraud investigations per 1000 caseload

April to March 2006-7	April to March 2005-6
1.3	1.78

- No of reported sanctions per 1000 caseload

April to March 2006-7	April to March 2005-6
0.62	N/A

- Time measure on the time taken from receipt of a referral to the referral content being assessed and determining appropriate actioning of the case. The Performance Standard is for this transitional stage to be completed in an average of 10 working days.

April to March 2006-7	April to March 2005-6
84.5%	87%

- Time measure on the time taken from assessing the referral content for appropriate action to the Investigation Officer starting the investigation. The Performance Standard is for this transitional stage to be completed within an average of 10 working days.

April to March 2006-7	April to March 2005-6
35%	39%

6. SANCTION VARIANCES

As per the Benefit Fraud Inspectorate's recommendation, Elected Members are to be updated about any cases where the sanction action taken against a person, who has committed a benefit fraud offence, is at variance to our current Anti Fraud & Anti Corruption Policy. The variance situations will be noted on the report following the occurrence.

April to March 2006-7	April to March 2005-6
2	9

There has been one variance this quarter where the benefit claimant provided bank statements in person and the bank was not approached for a witness statement re provision as is the normal course of events.

7. JOINT WORKING SANCTIONS

April to March 2006-7	April to March 2005-6
11	10

8. JOINT WORKING SANCTION VARIANCES

April to March 2006-7	April to March 2005-6
0	4

9. RESOURCES

No of Investigating Officers	
2006/7	2005/6
4.75	4.66

10. RECOVERY OF BENEFIT FRAUD OVERPAYMENTS (comparison information as at 31 March)

Paid in full		Automatic deductions from ongoing benefit entitlement		Arrangement in place		Sheriff Officer recovery in place		Total % cases recovered or where recovery in place	
%		%		%		%		%	
2006/7	2005/6	2006/7	2005/6	2006/7	2005/6	2006/7	2005/6	2006/7	2005/6
43	35.3	22	29	5	8.6	2	4.3	72	77.2

As at 31 March 2007 70% of fraud overpayment cases have either been repaid in full or there is an automatic deduction or arrangement in place with the debtor. Taking into account the additional debts being recovered via the Sheriff Officer, 72% of fraud overpayments have been/are being recovered.

Of the 72%, 43% have been paid in full, 22% are being repaid by automatic deductions from ongoing benefit entitlement, 2% are being recovered via the Sheriff Officer and the remaining 5% have repayment arrangements in place.

For cases where the council finds it cannot recover the overpayment such as instances where the debtor has moved away, deceased cases, and any other situation where the recovery process has been exhausted, a 'write off' procedure is necessary and for this quarter this amounts to 10% of cases. These cases are regularly reviewed and wherever possible the recovery recommences at that point.

There are also instances where certain cases are non-recoverable such as instances where the debtor could not have been expected to know that the overpayment had occurred, technical error, LA or DWP error and for this quarter this amounts to 1% of cases.

The remaining 17% of cases are at the various stages of recovery for debtors that have failed to put repayment measures in place.

The Council actively pursues all debtors by invoking all legal measures to increase debt recovery. However, anyone who has a debt with the Council should be aware that once the first step is taken to contact us about the matter then mutually suitable arrangements can be put in place, relieving the debtor from the worry of this debt and enabling the Council to reduce the level of debt overall.

11. COUNTER-FRAUD REFERRALS (comparison information for the period April to March)

Council Non-Revenues		Revenues		External to Council		Totals		Public (included in External to Council count)	
Nos		Nos		Nos		Nos		Nos	
2006/7	2005/6	2006/7	2005/6	2006/7	2005/6	2006/7	2005/6	2006/7	2005/6
15	41	357	305	513	579	885	925	274	316

Reporting for the period April to March of the financial year 2006/7 the Counter Fraud Section has received 885 referrals covering 23 different Fraud Types. The most prolific referral fraud type for the year to date is referrals alleging that benefit claimants have failed to declare a partner in the property and accounts for 41.5% of referrals followed by allegations of benefit claimants failing to declare earnings which accounts for 24% of our referrals.

12. COUNTER-FRAUD IMPACT ON BENEFIT PROCESSING

Between January and March 2007 there have been two further matters raised from the Counter-Fraud Section that have required action by Revenues in order to secure the benefit system further against fraud. These issues are being addressed through the appropriate channels.

13. INVESTIGATION PERCENTAGE SUCCESS RATE (comparison information for the period April to March)

	2006-2007	2005-2006
Percentage success rate on case closures	29.5%	22%
No of live investigations	160	174

14. COMPLAINT MONITORING (comparison information for the period April to March)

There has been one complaint received in relation to Counter Fraud activities for this financial year to date which was addressed through the appropriate channels.

D K Dorward
Depute Chief Executive (Finance)

Date: