

REPORT TO: POLICY AND RESOURCES COMMITTEE
REPORT ON: COUNTER-FRAUD REPORT - AS AT 31 DECEMBER 2010
REPORT BY: DIRECTOR OF FINANCE
REPORT NO: 152- 2011

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 2010

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 levels of overpayments identified by the counter-fraud unit have increased significantly when compared to 2009-2010. This is mainly due to a small number of investigations that had exceptionally high levels of overpayment values being closed in the 1st quarter of the financial year. It is also due to a higher level of investigated cases being closed with an overpayment of benefit, in comparison to the same period in the 2009-2010 financial year.
- The investigation percentage success rate has decreased in the present financial year. This is due to the higher number of cases that have met the criteria for submission to the Procurator Fiscal. These cases remain open until Court outcome established.
- Referral assessment time is outwith performance target. This occurred as a result of a referral type that required an extended waiting time before an investigation could commence. The administrative process has now been amended and performance targets should improve.

5.0 POLICY IMPLICATIONS

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

There are no major issues.

The Equality Impact Assessment which has been carried out will be made available on the Council's website <http://www.dundee.gov.uk/equanddiv/equimpact/>

6.0 CONSULTATIONS

The Chief Executive and Depute Chief Executive (Support Services)

7.0 BACKGROUND PAPERS

Equality Impact Assessment

M M Stewart Director of Finance	Date:	
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COUNTER-FRAUD SECTION PERFORMANCE

POSITION STATEMENT AS AT 31 December 2010	2010-2011	2009-2010
Completed investigations	259	217
Investigations where either a reduction or cessation of benefit transpired	135	100
Percentage	52%	46%
Overall Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the income table below)	£425,967	£239,429
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)	£732,963	£368,574
LA Benefit Fraud Overpayments	£151,290	£130,630
LA benefit Claimant Error Overpayments	£274,677	£108,799
DWP benefit Fraud Overpayments	£306,996	£129,145

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	32,160	17,733	10,623	60,516
Classified as Claimant Error	21,615	64,858	23,398	109,871
Administrative Penalty Income				3575
TOTALS	53,775	82,591	34,021	173,962

* 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	2010-2011	2009-2010
Fraud Overpayments	60,516	52,253
Claimant Error Overpayments	109,871	43,519
Administrative Penalties	3575	7,713

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
2010-2011	213,410	113,342	99,215		£425,967
2009-2010	75,543	102,341	61,545		239,429

ACTIONS TAKEN	2010-2011	2009-2010
Prosecutions referred to Procurator Fiscal	30	24
Administrative Penalties	24	25
Administrative Cautions	12	16
Total Sanctions	66	65
Joint working sanctions	32	33
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
2010-2011	4	4	1	0	5	2	0	0	21	9
2009-2010	8	3	0	1	2	1	1	1	19	5

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	2010-2011	2009-2010
No of full time equivalent fraud investigators at the end of each quarter.	4	5
No of cases referred to the LA fraud investigation section during the quarter	245	211
No of cases subject to investigation by the fraud section that were closed during this quarter	84	58
Total number of cases under investigation that related to DWP administered benefits that were closed during this quarter	0	2
Number of cautions offered and accepted during the quarter	6	7
Number of administrative penalties offered and accepted during the quarter	9	9
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	*11	*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 please and verdicts) during the quarter	11	4
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 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
Accepted Prosecutions	100%	9	21	30	100%
Successful Prosecutions	3	4	4	8	267%
*Sanctions	72	35	31	66	92%

*Referred Prosecutions, Cautions and Administrative Penalties have been amalgamated as a result of the 2010-2011 performance review

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	6 day	No

RECOVERY OF BENEFIT FRAUD OVERPAYMENTS	2010-2011 %	2009-2010 %
Paid in full	56.17	52.53
Automatic deductions from ongoing benefit entitlement	14.39	15.32
Arrangement in place	3.99	3.55
Total % cases recovered or where recovery in place	74.55	71.4
Total % non-recoverable cases (technical , LA or DWP error)	0.64	0.68
Total % write off cases	11.57	11.22
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	13.24	16.7

COUNTER-FRAUD REFERALLS RECEIVED	2010-2011	2009-2010
Council Non-Revenues	66	101
Revenues	360	243
External to Council	422	413
Totals	848	757
Public (included in External to Council count)	248	267

COUNTER-FRAUD IMPACT ON BENEFIT PROCESSING	2010-2011	2009-2010
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	2

INVESTIGATION PERCENTAGE SUCCESS RATE	2010-2011	2009-2010
Percentage success rate on case closures	19.69%	27.65%
No of current live investigations	184	145

COMPLAINT MONITORING	2010-2011	2009-2010
No of complaints received in relation to our counter-fraud activity	0	0

Marjory M Stewart Director of Finance	Date:	
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