

**REPORT TO: POLICY AND RESOURCES COMMITTEE – 20<sup>th</sup> MAY 2013**  
**REPORT ON: COUNTER-FRAUD REPORT - FOR YEAR ENDED 31 MARCH 2013**  
**REPORT BY: DIRECTOR OF CORPORATE SERVICES**  
**REPORT NO: 230- 2013**

**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 March 2013

**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

- 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 has resulted in an increase in the number of reports sent to the Procurator Fiscal in comparison to the previous year. This drive to pursue prosecution against the more serious benefit fraud offenders has resulted in a decrease in the lesser Sanction categories for Administrative Cautions and Administrative Penalties.
- The volume of allegations that the Council has received has reduced in comparison to the previous year. One of the main factors that has contributed to this shortfall is the decrease in referrals received from the Department for Work and Pensions as they pursue the more serious levels of fraud at the expense of lesser value frauds.
- The pursuance of prosecutions has also had a bearing on the level of overpayments recorded by the Counter-Fraud Team this financial year as many of the cases referred to the Procurator Fiscal will have the overpayments recorded only once the cases have been concluded in Court.
- The number of successful prosecutions (guilty verdicts) has increased significantly in comparison to previous years. 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.

**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 22<sup>nd</sup> 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

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

POSITION STATEMENT AS AT 31 March 2013		2012-2013	2011-2012
Completed investigations		308	352
Investigations where either a reduction or cessation of benefit transpired		120	160
Percentage		39%	46%
Overall Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the income table below)		£411,584	£529,113
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)		£660,959	£945,985
	LA Benefit Fraud Overpayments	£144,544	£156,160
	LA benefit Claimant Error Overpayments	£267,040	£372,954
	DWP benefit Fraud Overpayments	£249,375	£416,871

### 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	24,906	20,996	11,915	57,817
	Classified as Claimant Error	57,324	25,895	23,597	106,816
Administrative Penalties created					1,891
TOTALS		82,230	46,891	35,512	166,525

\* 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	£57,817	£62,464
Claimant Error Overpayments	£106,816	£149,182
Administrative Penalties created	£1,891	£1,248

## 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
<b>2012-2013</b>	49,761	132,753	111,573	117,497	£411,584
<b>2011-2012</b>	147,243	124,471	52,386	205,013	£529,113

ACTIONS TAKEN	2012-2013	2011-2012
Prosecutions referred to Procurator Fiscal	43	32
Administrative Penalties	15	24
Administrative Cautions	9	27
Total Sanctions	67	83
Joint working sanctions	43	47
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
<b>2012-2013</b>	24	11	1	1	0	1	0	0	34	9
<b>2011-2012</b>	10	7	3	0	5	0	0	0	24	8

**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	4
No of cases referred to the LA fraud investigation section during the quarter	308	388
No of cases subject to investigation by the fraud section that were closed during this quarter	95	120
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	18
Number of administrative penalties offered and accepted during the quarter	0	6
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	*7	11
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	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.

**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	11	24	35	233%
*Sanctions	75	24	43	67	89%

**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	9 days	yes
Outcome of referral assessment to start of investigation	28 days	3 day	yes

<b>RECOVERY OF BENEFIT FRAUD OVERPAYMENTS</b>	<b>2012-2013</b> %	<b>2011-2012</b> %
Paid in full	62.57	59.60
Automatic deductions from ongoing benefit entitlement	9.72	11.47
Arrangement in place	1.34	2.46
Total % cases recovered or where recovery in place	73.63	73.53
Total % non-recoverable cases (technical , LA or DWP error)	0.56	0.59
Total % write off cases	12.18	11.71
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	13.63	14.17

<b>COUNTER-FRAUD REFERALLS RECEIVED</b>	<b>2012-2013</b>	<b>2011-2012</b>
Council Non-Revenues	42	86
Revenues	550	504
External to Council	573	716
Totals	1165	1306
Public (included in External to Council count)	396	467

<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	2

<b>INVESTIGATION PERCENTAGE SUCCESS RATE</b>	<b>2012-2013</b>	<b>2011-2012</b>
Percentage success rate on case closures	20.13	21.88
No of current live investigations	166	166

<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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