

**REPORT TO: POLICY AND RESOURCES COMMITTEE - 13 JUNE 2011**  
**REPORT ON: COUNTER-FRAUD REPORT - AS AT 31 MARCH 2011**  
**REPORT BY: DIRECTOR OF FINANCE**  
**REPORT NO: 254 - 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 March 2011.

## **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 has increased to over one million pounds. This figure is significantly higher than the previous year's overpayments. The main reason for increases in the level of overpayments is due to the higher levels of fraud and error associated with investigations where the benefit claimant had failed to declare their partner in their household. This area of fraud investigation has become more focused and accounts for over half of the total overpayments identified this year.
- The number of submissions referred to the Procurator Fiscal by the Council's counter-fraud unit has increased from 5 to 13. This is mainly due to an increase in quality referrals received by the counter-fraud unit from the Housing Benefit Matching Service and a higher priority on the more serious levels of alleged fraud.
- The number of persons found guilty in Court of committing benefit fraud as a result of the Council's counter fraud activity has doubled in comparison to the previous year. This is mainly due to the higher number of submissions that have been made to the Procurator Fiscal by the Council's counter-fraud unit.

## **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/equipact/>

## **6.0 CONSULTATIONS**

The Chief Executive, Depute Chief Executive (Support Services) and Assistant Chief Executive.

**7.0 BACKGROUND PAPERS**

Equality Impact Assessment

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

POSITION STATEMENT AS AT 31 December 2010	2010-2011	2009-2010
Completed investigations	354	296
Investigations where either a reduction or cessation of benefit transpired	163	147
Percentage	46%	50%
Overall Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the income table below)	£624,222	£348,776
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)	£1,057,086	£534,643
LA Benefit Fraud Overpayments	£200,636	£165,907
LA benefit Claimant Error Overpayments	£423,586	£182,869
DWP benefit Fraud Overpayments	£432,864	£185,867

### 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	37,637	28,372	14,143	80,152
Classified as Claimant Error	30,989	102,991	35,557	169,537
Administrative Penalty Income				4,104
<b>TOTALS</b>	68,626	131,363	49,700	253,793

\* 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	80,152	66,363
Claimant Error Overpayments	169,537	73,148
Administrative Penalties	4,104	11,202

## 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>2010-2011</b>	213,410	113,342	99,215	198,255	£624,222
<b>2009-2010</b>	75,543	102,341	61,545	109,347	£348,776

ACTIONS TAKEN	2010-2011	2009-2010
Prosecutions referred to Procurator Fiscal	38	30
Administrative Penalties	26	36
Administrative Cautions	21	18
Total Sanctions	85	84
Joint working sanctions	40	44
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>2010-2011</b>	7	6	1	0	5	2	0	0	25	13
<b>2009-2010</b>	13	3	0	0	8	2	0	0	25	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	321	361
No of cases subject to investigation by the fraud section that were closed during this quarter	95	79
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	9	2
Number of administrative penalties offered and accepted during the quarter	2	11
Number of administrative penalties offered and accepted with a DWP benefit interest during the quarter	0	1
Number of cases accepted for prosecution during the quarter	*8	*6
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	8	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%	13	24	37	100%
Successful Prosecutions	3	6	7	13	433%
*Sanctions	72	49	36	85	118%

\*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	7 day	No

RECOVERY OF BENEFIT FRAUD OVERPAYMENTS	2010-2011 %	2009-2010 %
Paid in full	55.86	53.47
Automatic deductions from ongoing benefit entitlement	12.84	13.60
Arrangement in place	3.99	4.76
Total % cases recovered or where recovery in place	72.69	71.83
Total % non-recoverable cases (technical , LA or DWP error)	0.62	0.68
Total % write off cases	11.60	11.70
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	15.09	15.79

<b>COUNTER-FRAUD REFERALLS RECEIVED</b>	<b>2010-2011</b>	<b>2009-2010</b>
Council Non-Revenues	72	110
Revenues	521	339
External to Council	578	668
Totals	1171	1117
Public (included in External to Council count)	345	359

<b>COUNTER-FRAUD IMPACT ON BENEFIT PROCESSING</b>	<b>2010-2011</b>	<b>2009-2010</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	0	3

<b>INVESTIGATION PERCENTAGE SUCCESS RATE</b>	<b>2010-2011</b>	<b>2009-2010</b>
Percentage success rate on case closures	20.62%	28%
No of current live investigations	165	152

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

<b>Marjory M Stewart</b> Director of Finance	<b>Date:</b>	
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