

REPORT TO: POLICY AND RESOURCES COMMITTEE - 14 JUNE 2010
REPORT ON: COUNTER-FRAUD REPORT - AS AT 31 MARCH 2010
REPORT BY: DIRECTOR OF FINANCE
REPORT NO: 303-2010

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 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 number of successful Prosecutions has increased significantly when compared to the previous financial year. This can be attributed to the Procurator Fiscals willingness to deal with a higher level of benefit fraud related offences than in the past.
- The value of Fraud overpayments have reduced when compared to the previous financial year mainly because of a change in the legislation relating to the classification of a fraud overpayment
- The total value of benefit overpayments identified by the counter fraud section has reduced however the total number of cases that have resulted in a cessation or an overpayment of benefit has increased. This reflects the higher value of overpayments in the previous financial year.
- The number of referrals sent to the Procurator Fiscal by Dundee City Council has reduced but the overall number of cases has increased by 17% when compared to the previous financial year brought about by a higher number of lower level offences.

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 and no issues have been identified.

6.0 CONSULTATIONS

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

7.0 BACKGROUND PAPERS

None

Marjory M Stewart Director of Finance	Date:	14 JUNE 2010
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COUNTER-FRAUD SECTION PERFORMANCE

POSITION STATEMENT AS AT 31 March 2010		2009-2010	2008-2009
Completed investigations		296	275
Investigations where either a reduction or cessation of benefit transpired		147	141
Percentage		50%	51%
Overall Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the income table below)		£348,776	£496,221
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)		£534,643	*N/A
	LA Benefit Fraud Overpayments	£165,907	£381,821
	LA benefit Claimant Error Overpayments	£182,869	£114,400
	DWP benefit Fraud Overpayments	£185,867	*N/A

*DWP overpayments statistics is an addition to the reporting this year

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	25,486	26,807	14,070	66,363
	Classified as Claimant Error	20,113	33,182	19,853	73,148
Administrative Penalty Income					11,202
TOTALS		45,599	59,989	33,923	150,713

* 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	2009-2010	2008-2009
Fraud Overpayments	66,363	152,728
Claimant Error Overpayments	73,148	45,760
Administrative Penalties	11,202	6,926

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 £
2009-2010	75,543	102,341	61,545	109,347	348,776
2008-2009	192,335	41,009	84,039	178,838	496,221

ACTIONS TAKEN	2009-2010	2008-2009
Prosecutions referred to Procurator Fiscal	30	38
Administrative Penalties	36	20
Administrative Cautions	18	14
Total Sanctions	84	72
Joint working sanctions	44	43
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
2009/2010	13	3	0	0	8	2	0	0	24	6
2008/2009	1	2	0	0	20	5	0	0	28	10

HOUSING BENEFIT RECOVERIES AND FRAUD RETURNS (HBRF)

With effect from 01 April 2008 the Performance Standards have been replaced by the Housing Benefit Recoveries and Fraud returns.

HBRF	2009-2010	2008-2009
No of full time equivalent fraud investigators at the end of each quarter. This is the substantive no of officers, however, one officer has been on maternity leave from 30 August 2009	5	5
No of cases referred to the LA fraud investigation section during the quarter	361	253
No of cases subject to investigation by the fraud section that were closed during this quarter	79	104
Total number of cases under investigation that related to DWP administered benefits that were closed during this quarter	**2	59
Number of cautions offered and accepted during the quarter	2	3
Number of administrative penalties offered and accepted during the quarter	11	6
Number of administrative penalties offered and accepted with a DWP benefit interest during the quarter	1	4
Number of cases accepted for prosecution during the quarter	*6	*11
Number of cases accepted for prosecution with a DWP benefit interest during the quarter	*0	*9
Number of prosecutions resulting in guilty outcomes (include guilty please and verdicts) during the quarter	4	1
Number of prosecutions resulting in guilty outcomes with a DWP benefit interest during the quarter	0	1

*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 or even year in which it was originally passed to the Fiscal.

**Further to guidance from the DWP there has been a change in the classification criteria use for this in this financial year

PERFORMANCE AGAINST TARGET - ACTIONS TAKEN

Target Type	Yearly Target	Achieved (DCC led)	Achieved (DWP led)	Combined total	% of year performance to date
Referred Prosecutions	5	5	25	30	600%
Successful Prosecutions	3	3	13	16	533%
Administrative Penalties	20	29	7	36	180%
Administrative Cautions	20	9	9	18	90%

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	1 day	Yes

RECOVERY OF BENEFIT FRAUD OVERPAYMENTS	2009-2010	2008-2009
Paid in full	53.47	49.20
Automatic deductions from ongoing benefit entitlement	13.6	16.26
Arrangement in place	4.76	4.93
Sheriff Officer recovery in place	0	0.44
Total % cases recovered or where recovery in place	71.83	70.83
Total % non-recoverable cases (technical , LA or DWP error)	0.68	0.87
Total % write off cases	11.7	9.72
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	15.79	18.58

COUNTER-FRAUD REFERALLS RECEIVED	2009-2010	2008-2009
Council Non-Revenues	110	120
Revenues	339	374
External to Council	668	609
Totals	1117	1103
Public (included in External to Council count)	359	346

COUNTER-FRAUD IMPACT ON BENEFIT PROCESSING	2009-2010	2008-2009
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	3	2

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INVESTIGATION PERCENTAGE SUCCESS RATE	2009-2010	2008-2009
Percentage success rate on case closures	28%	38%
No of current live investigations	152	121

COMPLAINT MONITORING	2009-2010	2008-2009
No of complaints received in relation to our counter-fraud activity	0	0

Marjory M Stewart
Director of Finance

Date: 14 JUNE 2010

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