

**REPORT TO:** POLICY AND RESOURCES COMMITTEE  
**REPORT ON:** COUNTER-FRAUD REPORT - AS AT 30 JUNE 2011  
**REPORT BY:** DIRECTOR OF FINANCE  
**REPORT NO:** 409 - 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 30 June 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 level of overpayments identified by the counter-fraud unit has decreased from £364,292 to £265,438. The main reason for this decrease in the level of overpayments can be attributed to the unusually high level of overpayments identified for a small number of cases in the previous financial year.
- There has been a reduction in the number of submissions to the Procurator Fiscal by the Council's counter-fraud unit in comparison to the previous year. A reduction in the number of suitable joint-investigated cases with the Department for Work and Pensions has contributed to this decrease. Also, a technical issue associated with the new Scottish Reporting Agency website - an electronic gateway for reporting standard prosecution reports - has also delayed the submission of reports in this quarter.

## **5.0 POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty and Equality 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 and Depute Chief Executive (Support Services)

## **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		2011-2012	2010-2011
Completed investigations		98	90
Investigations where either a reduction or cessation of benefit transpired		36	43
Percentage		37%	48%
Overall Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the income table below)		£149,286	£213,410
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)		£265,438	£364,292
	LA Benefit Fraud Overpayments	£48,289	£102,332
	LA benefit Claimant Error Overpayments	£100,997	£111,078
	DWP benefit Fraud Overpayments	£116,152	£150,882

### 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	7,931	8,190	3,194	19,316
	Classified as Claimant Error	9,359	21,603	9,437	40,399
Administrative Penalties created					750
TOTALS		17,290	29,784	12,631	60,465

\* 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	2011-2012	2010-2011
Fraud Overpayments	19,316	40,933
Claimant Error Overpayments	40,399	44,431
Administrative Penalties created	750	1,100

## 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>2011-2012</b>	149,286				£149,286
<b>2010-2011</b>	213,410				£213,410

ACTIONS TAKEN	2011-2012	2010-2011
Prosecutions referred to Procurator Fiscal	3	11
Administrative Penalties	11	6
Administrative Cautions	2	2
Total Sanctions	16	19
Joint working sanctions	7	11
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>2011-2012</b>	4	0	1	0	1	1	0	0	3	0
<b>2010-2011</b>	1	3	1	0	1	1	0	0	7	4

**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	2011-2012	2010-2011
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	294	313
No of cases subject to investigation by the fraud section that were closed during this quarter	98	90
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	2
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	0	0
Number of cases accepted for prosecution during the quarter	*3	*11
Number of cases accepted for prosecution with a DWP benefit interest during the quarter	*0	*1
Number of prosecutions resulting in guilty outcomes (include guilty please and verdicts) during the quarter	3	4
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 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%	0	3	3	100%
Successful Prosecutions	7	0	4	14	57%
*Sanctions	49	10	6	16	33%

\*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	10 day	7 day	Yes
Outcome of referral assessment to start of investigation	28 days	2 day	Yes

RECOVERY OF BENEFIT FRAUD OVERPAYMENTS	2011-2012 %	2010-2011 %
Paid in full	56.41	53.64
Automatic deductions from ongoing benefit entitlement	12.94	14.70
Arrangement in place	4.16	4.76
Total % cases recovered or where recovery in place	73.51	73.10
Total % non-recoverable cases (technical , LA or DWP error)	0.62	0.67
Total % write off cases	11.84	11.79
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	14.03	14.44

COUNTER-FRAUD REFERALLS RECEIVED	2011-2012	2010-2011
Council Non-Revenues	22	36
Revenues	116	148
External to Council	156	128
Totals	294	312
Public (included in External to Council count)	111	82

<b>COUNTER-FRAUD IMPACT ON BENEFIT PROCESSING</b>	<b>2011-2012</b>	<b>2010-2011</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	0

<b>INVESTIGATION PERCENTAGE SUCCESS RATE</b>	<b>2011-2012</b>	<b>2010-2011</b>
Percentage success rate on case closures	19.39%	14.44%
No of current live investigations	129	189

<b>COMPLAINT MONITORING</b>	<b>2011-2012</b>	<b>2010-2011</b>
No of complaints received in relation to our counter-fraud activity	0	0

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