

REPORT TO: POLICY AND RESOURCES COMMITTEE – 10 NOVEMBER 2014
REPORT ON: COUNTER-FRAUD REPORT - AS AT 30 SEPTEMBER 2014
REPORT BY: DIRECTOR OF CORPORATE SERVICES
REPORT NO: 417 - 2014

1.0 PURPOSE OF REPORT

This report is to update the Committee on the Revenues Division's Corporate Counter Fraud activity as at 30 September 2014

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 Benefit counter-fraud unit has continued to widen its scope of investigative work in accordance with the Council's Corporate Fraud and Corruption policy. This has resulted in counter-fraud officers investigating identified high-risk fraud areas across the Council that include the Council Tax Reduction Scheme, Council Tax Discounts and Exemptions, Housing Tenancy and Blue Badge.
- The number of fraud allegations received by the Council has increased by 25% in comparison to the previous year. This increase is a direct result of corporate fraud work now being undertaken.
- The number of verdicts determined in court has reduced sharply in comparison to the previous year. This can be attributed to outstanding prosecution submissions still waiting to be heard in Court.
- Housing Benefit/Council Tax Benefit overpayments identified through fraud investigations continues to decrease. The Council Tax Benefit scheme being abolished in the previous year and the undertaking of Corporate Fraud investigations have contributed to this decrease.

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. There are no major issues.

6.0 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services.

7.0 BACKGROUND PAPERS

None

M M Stewart Director of Corporate Services	Date:	
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COUNTER-FRAUD SECTION PERFORMANCE - POSITION STATEMENT AS AT 30 September 2014

Social Security Benefits	2014-2015	2013-2014
Completed investigations	119	153
Investigations where either a reduction or cessation of benefit transpired	45	60
Percentage	38%	39%
Housing Benefit/Council Tax Benefit Fraud and error overpayments	£129,266	£182,515
Overall Benefit Overpayments identified by the counter fraud section including DWP overpayments and Tax Credits (100% figure as opposed to 40% as used in the income table below)	£276,469	£258,145

* Council Tax Benefit was abolished from 01/04/2013. The total level of overpaid Benefits in the table above will still include elements of overpaid Council Tax Benefit as a result of counter-fraud activity whereby the period affected is prior to April 2013.

SUBSIDY FROM HOUSING BENEFIT COUNTER FRAUD ACTIVITY (40%) including comparison

SUBSIDY TYPE	2014-2015	2013-2014
Classified as Fraud and claimant error	£51,707	£85,507
Administrative Penalties created	£988	£2,051
TOTALS FOR YEAR TO DATE	£52,695	£87,557

* The Department for Work and Pensions pay subsidies to local authorities for administering the Housing Benefit scheme. 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 Housing benefit overpayment has been classified as 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.

Corporate Fraud Investigations (Council Tax, Tenancy, Blue Badge etc.)	2014-2015	2013-2014
Completed investigations	55	n/a
Successful Fraud outcomes	23	n/a
Percentage	42%	n/a
*Increased Council Tax Revenue identified	£31,006	n/a
Increased Parking Revenue (Notional)	£8,000	n/a
Housing Tenancy savings (Notional figure - as noted by Audit Commission)	0	n/a
Total Corporate financial savings	£39,006	n/a

*Successful Fraud outcomes include corporate *fraud* investigations that result in the following action –

- Removal of Council Tax Single Person Discount and Exemptions
- Removal of Council Tax Reduction entitlement
- Removals of Blue Badge permit due to fraudulent misuse
- Keys returned by tenant due to Housing Tenancy investigation

**Council Tax revenue includes identification of fraud and error associated with Council Tax Reduction Scheme, Council Tax Single Persons Discount and Exemptions via Corporate and Benefit Investigations.

ACTIONS TAKEN	2014-2015	2013-2014
Benefit Prosecution reports referred to Procurator Fiscal	16	11
Blue Badge Prosecution reports referred to Procurator Fiscal	1	n/a
Council Tax Prosecution reports referred to Procurator Fiscal	1	n/a
Guilty Verdicts	7	20
Not Guilty or No proceeding	1	0
Administrative Penalties	2	4
Administrative Cautions	2	2
Total Sanctions	22	17

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	2014-2015	2013-2014
No of full time equivalent fraud investigators at the end of each quarter.	3	4
No of cases referred to the LA fraud investigation section during the quarter	398	297
No of cases subject to investigation by the fraud section that were closed during this quarter	68	56
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	1	1
Number of administrative penalties offered and accepted during the quarter	1	3
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	9	3
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	2	11
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	% of year performance to date
Successful Prosecutions	30	7	23%
Benefit Sanctions	30	20	67%
Corporate Sanctions	9	2	22%

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 days	3 days	yes
Outcome of referral assessment to start of investigation	10 days	5 days	yes

RECOVERY OF BENEFIT FRAUD OVERPAYMENTS	2014-2015 %	2013-2014 %
Paid in full	64.82	62.55
Automatic deductions from ongoing benefit entitlement	9.71	9.85
Arrangement in place	1.67	1.63
Total % cases recovered or where recovery in place	76.20	74.03
Total % non-recoverable cases (technical , LA or DWP error)	0.52	0.54
Total % write off cases	11.28	12.34
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	12.00	13.09

COUNTER-FRAUD REFERALLS RECEIVED BY TYPE	2014-2015	2013-2014
* Social Security Benefit	617	611
Housing Tenancy	39	n/a
Blue Badge	18	n/a
Council Tax Related	92	n/a
Other	3	n/a
Totals	769	611

* Approximately 88% of Social security Benefit referrals will also relate to Council Tax Reduction.

COMPLAINT MONITORING	2014-2015	2013-2014
No of complaints received in relation to our counter-fraud activity	0	0

Marjory M Stewart Director of Corporate Services	Date:	
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