



COUNTER FRAUD PERFORMANCE REPORT 2007/2008
(JUNE COMMITTEE 2008 - REPORT NO 324)

Position Statement as at 31st March 2008

COUNTER-FRAUD SECTION PERFORMANCE

1. INTRODUCTION

In July 2003 the Council was inspected by the Benefit Fraud Inspectorate. The resulting report, published on 05 February 2004, included various recommendations, one of which was to make Counter-Fraud operational information available to Elected Members. To address this recommendation, the September 2004 Finance Committee agreed to adopt quarterly reporting.

2. INCOME RECEIVED BY COUNCIL FROM THE COUNCIL'S COUNTER FRAUD ACTIVITY 2007/2008

(as at 31 March 2008)

INCOME SOURCE		COUNCIL TENANTS HOUSING BENEFIT	PRIVATE TENANTS HOUSING BENEFIT	COUNCIL TAX BENEFIT	TOTALS
* Benefit Overpayments		£	£	£	£
	Classified as Fraud	48,443	61,703	38,499	148,645
	Classified as Claimant Error	14,177	16,172	17,882	48,231
Administrative Penalty Recovery					6,395
TOTALS		62,620	77,875	56,381	203,271

*The Council receive a 40% reimbursement on overpayments when recovered in full therefore the reporting reflects 40% of the anticipated income.

The table below compares the above figures with the same period in 2006/2007

Fraud Overpayments		Claimant Error Overpayments		Administrative Penalties	
£		£		£	
2007/8	2006/7	2007/8	2006/7	2007/8	2006/7
148,645	163,159	48,231	71,908	6,395	3,681

3. REDUCTION & CESSATION OF BENEFITS

Whilst this report primarily deals with our investigations that result in fraud proven, there is a secondary tier of benefit action resulting from cases where the fraud has not been proven but the investigation establishes that the claimant failed to report a change in circumstances that results in their benefit award either being reduced or withdrawn over the period of time the investigation centred on.

Comparison information for the period April to March (overleaf)

Reduction & Cessation of benefit information		April to March 2007/8	April to March 2006/7
Completed		293	403
Investigations where either a reduction or cessation of benefit transpired		164	209
Percentage		57%	52%
Overall Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the previous income table)		£492,189	£587,667
	Benefit Fraud Overpayments	£371,612	£407,897
	Benefit Claimant Error Overpayments	£120,577	£179,770

Ongoing improvements to our working practices since 2006 have enabled the Counter-fraud team to investigate cases to sanction level. While this has led to an inevitable reduction in the number of cases being investigated overall it has enabled the section to increase the percentage of cases where fraud has been established and also the volume of cases where further sanction action has been taken.

4. SANCTION POSITION STATEMENT (for the period April to March)

Prosecutions		Administrative Penalties		Administrative Cautions		Total Sanctions	
2007/8	2006/7	2007/8	2006/7	2007/8	2006/7	2007/8	2006/7
12	13	32	16	25	11	69	40

5. PROSECUTION POSITION STATEMENT (for the period April to March)

In those cases reported to the Procurator Fiscal towards the end of a financial year the outcome may not be known until the next financial year. In this respect in the table below the total of reports shown submitted in a financial year may not necessarily equal the total of known outcomes for that same year.

Year	Guilty Verdicts			Not Guilty			* No Proceedings (reasons out-with the Council's control)			** No Proceedings (reasons within the Council's control)			Reports referred		
	LA & DWP	LA	DWP	LA & DWP	LA	DWP	LA & DWP	LA	DWP	LA & DWP	LA	DWP	LA & DWP	LA	DWP
2005/2006	3			0			2			0			4		
2006/2007	5			0			1			1			13		
2007/2008	3	3	0	0	0	0	11	6	5	1	1	0	12	5	7

* The Procurator Fiscal can decide not to progress a case for various reasons but this information is not provided to the Council

** Where the Procurator Fiscal marks a case for no proceedings and there is any fault in either the investigation or the reporting then this is usually confirmed to the Council to implement updates in its procedures. To date the only area raised has been delay and the Council's procedures have been revised to ensure that management checks are in place to eradicate avoidable delay

6. PERFORMANCE STANDARDS FRAUD RETURNS

The Performance Standards relating to benefit fraud have been reviewed by the Department for Work and Pensions and there are now benefit related Performance Standards with each one having various enablers. These enablers are procedures and processes that need to be in place to underpin the actual Standard. The Council cannot be said to have reached the Performance Standard until both the standard and the enablers are all in place.

There are six performance measurements for benefit fraud.

- **No of fraud referrals per 1000 caseload**

April to March 2007/8	April to March 2006/7
3.42	3.32

- **No of fraud investigators employed per 1000 caseload**

April to March 2007/8	April to March 2006/7
0.24	0.22

- **No of fraud investigations per 1000 caseload**

April to March 2007/8	April to March 2006/7
1.15	1.3

- **No of reported sanctions per 1000 caseload**

April to March 2007/8	April to March 2006/7
3.29	0.62

- **Time measure on the time taken from receipt of a referral to the referral content being assessed and determining appropriate actioning of the case. The Performance Standard is for this transitional stage to be completed in an average of 10 working days.**

April to March 2007/8	April to March 2006/7
78%	84.5%

Implementation of new software caused the above temporary slippage

- **Time measure on the time taken from assessing the referral content for appropriate action to the Investigation Officer starting the investigation. The Performance Standard is for this transitional stage to be completed within an average of 10 working days.**

April to March 2007/8	April to March 2006/7
74.75%	35%

7. SANCTION VARIANCES

As per the Benefit Fraud Inspectorate's recommendation, Elected Members are to be updated about any cases where the sanction action taken against a person, who has committed a benefit fraud offence, is at variance to our current Anti Fraud & Anti Corruption Policy. The variance situations will be noted on the report following the occurrence.

April to March 2007/8	April to March 2006/7
1	2

8. JOINT WORKING SANCTIONS

April to March 2007/8	April to March 2006/7
22	11

9. JOINT WORKING SANCTION VARIANCES

April to March 2007/8	April to March 2006/7
0	0

10. RESOURCES

No of Investigating Officers	
2007/8	2006/7
5	4.75

11. RECOVERY OF BENEFIT FRAUD OVERPAYMENTS (for the period April to March)

Paid in full		Automatic deductions from ongoing benefit entitlement		Arrangement in place		Sheriff Officer recovery in place		Total % cases recovered or where recovery in place	
%		%		%		%		%	
2007/8	2006/7	2007/8	2006/7	2007/8	2006/7	2007/8	2006/7	2007/8	2006/7
47.94	43	18.2	22	5.85	5	1.03	2	73.02	72

For cases where the council finds it cannot recover the overpayment such as instances where the debtor has moved away, deceased cases, and any other situation where the recovery process has been exhausted, a 'write off' procedure is necessary and to date this year this amounts to 9.97% of cases. These cases are regularly reviewed and wherever possible the recovery recommences at that point.

There are also instances where certain cases are non-recoverable such as instances where the debtor could not have been expected to know that the overpayment had occurred, technical error, LA or DWP error and for the year to date this amounts to 0.86% of cases.

The remaining 16.15% of cases are at the various stages of recovery for debtors that have failed to put repayment measures in place.

The Council actively pursues all debtors by invoking all legal measures to increase debt recovery. However, anyone who has a debt with the Council should be aware that once the first step is taken to contact us about the matter then mutually suitable arrangements can be put in place, relieving the debtor from the worry of this debt and enabling the Council to reduce the level of debt overall.

12. COUNTER-FRAUD REFERRALS (comparison information for the period April to March)

Council Non-Revenues		Revenues		External to Council		Totals		Public (included in External to Council count)	
Nos		Nos		Nos		Nos		Nos	
2007/8	2006/7	2007/8	2006/7	2007/8	2006/7	2007/8	2006/7	2007/8	2006/7
22	15	384	357	457	513	863	885	228	274

Reporting for the financial year to 31 March 2008 the Counter Fraud Section has received 863 referrals covering 22 different Fraud types. Grouping these referral types into categories the most prolific referral fraud type for the year to date is referrals alleging that benefit claimants have failed to declare a partner in the property and accounts for an average of 33.5% of referrals followed by allegations of benefit claimants failing to declare earnings which accounts for an average of 26% of our referrals.

13. COUNTER-FRAUD IMPACT ON BENEFIT PROCESSING

Between April and March 2008 there has been two matters raised from the Counter-Fraud Section that have required action by Revenues in order to secure the benefit system further against fraud. These issues have been addressed through the appropriate channels.

2007/8	2006/7
2	2

14. INVESTIGATION PERCENTAGE SUCCESS RATE (comparison information for the period April to March)

	2007/8	2006/7
Percentage success rate on case closures	36%	29.5%
No of current live investigations	*63	160

* Due to the cases of sensitive HMRC data being misplaced during the year a full review of how the Department for Work and Pensions shares and receives data was undertaken. This led to a suspension of information sharing which had a negative impact on the Council's counter fraud work leading to the reduced current live caseload. Procedures have been implemented to counteract this downturn although it is likely to take a significant period until the recovery is reflected in the figures.

15. COMPLAINT MONITORING (comparison information for the period April to March)

There has been one complaint received in relation to Counter Fraud activities for this financial year which was dealt with without any change in working procedures being required.

2007/8	2006/7
1	1

D K Dorward
Depute Chief Executive (Finance)

Date: 13 June 2008

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