



**COUNTER FRAUD PERFORMANCE REPORT 2008/2009
(OCTOBER COMMITTEE 2008 - REPORT NO 495-2008)**

Position Statement as at 30 June 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 2008/2009

(as at 30 June 2008)

INCOME SOURCE		COUNCIL TENANTS HOUSING BENEFIT	PRIVATE TENANTS HOUSING BENEFIT	COUNCIL TAX BENEFIT	TOTALS
* Benefit Overpayments		£	£	£	£
	Classified as Fraud	29,267	13,711	9,264	52,242
	Classified as Claimant Error	19,200	941	4,550	24,691
Administrative Penalty Recovery					1,104
TOTALS		48,467	14,652	13,814	78,037

*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 2007/2008

Fraud Overpayments		Claimant Error Overpayments		Administrative Penalties	
£		£		£	
2008/9	2007/8	2008/9	2007/8	2008/9	2007/8
52,242	25,771	24,692	31,317	1,104	1,089

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the claimant failed to report a change in circumstances that results in their benefit award either being reduced or withdrawn over the period of time the investigation centred on.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 (overleaf)

Reduction & Cessation of benefit information		April to June 2008/9	April to June 2007/8
Completed		56	133
Investigations where either a reduction or cessation of benefit transpired		33	68
Percentage		59%	51%
Overall Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the previous income table)		£192,335	£142,726
	Benefit Fraud Overpayments	£130,605	£64,277
	Benefit Claimant Error Overpayments	£61,730	£78,293

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 sanction cases.

4. SANCTION POSITION STATEMENT (as at 30 June 2008)

Prosecutions referred to Procurator Fiscal		Administrative Penalties		Administrative Cautions		Total Sanctions	
2008/9	2007/8	2008/9	2007/8	2008/9	2007/8	2008/9	2007/8
4	2	5	4	5	4	14	10

5. PROSECUTION POSITION STATEMENT

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	
	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
2005/2006	3	0	0	0	2	0	0	0	4	0
2006/2007	5	0	0	0	1	0	1	0	13	0
2007/2008	0	1	0	0	0	3	0	0	1	1
2008/2009	0	0	0	0	2	1	0	0	4	0

* 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 were 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 counter-fraud activity is, from 2008-2009 measured by the following criteria:

- **No of full time equivalent fraud investigators at the end of each quarter** (as at 30 June 2008)

2008/9	2007/8
5	5

- **No of cases referred to the LA fraud investigation section during the quarter** (as at 30 June 2008)

2008/9	2007/8
201	242

- **No of cases subject to investigation by the fraud section that were closed during this quarter** (as at 30 June 2008)

2008/9	2007/8
56	55

- **Total number of cases under investigation that related to DWP administered benefits that were closed during this quarter** (as at 30 June 2008)

2008/9	2007/8
23	31

- **Number of cautions offered and accepted during the quarter** (as at 30 June 2008)

2008/9	2007/8
5	4

- **Number of administrative penalties offered and accepted during the quarter** (as at 30 June 2008)

2008/9	2007/8
5	4

- **Number of administrative penalties offered and accepted with a DWP benefit interest during the quarter** (as at 30 June 2008)

2008/9	2007/8
3	1

- **Number of cases accepted for prosecution during the quarter** (as at 30 June 2008)

2008/9	2007/8
4	2

- **Number of cases accepted for prosecution with a DWP benefit interest during the quarter** (as at 30 June 2008)

2008/9	2007/8
4	1

- **Number of prosecutions resulting in guilty outcomes (include guilty please and verdicts) during the quarter** (as at 30 June 2008)

2008/9	2007/8
0	1

- **Number of prosecutions resulting in guilty outcomes with a DWP benefit interest during the quarter** (as at 30 June 2008)

2008/9	2007/8
0	0

7. SANCTION VARIANCES (as at 30 June 2008)

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.

2008/9	2007/8
0	0

8. JOINT WORKING SANCTIONS

2008/9	2007/8
7	5

9. JOINT WORKING SANCTION VARIANCES

2008/9	2007/8
0	0

10. RESOURCES

No of Investigating Officers	
2008/9	2007/8
5	5

11. RECOVERY OF BENEFIT FRAUD OVERPAYMENTS (as at 30 June 2008)

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	
%		%		%		%		%	
2008/9	2007/8	2008/9	2007/8	2008/9	2007/8	2008/9	2007/8	2008/9	2007/8
47.73	44.8	18.24	22.1	7.49	4.2	0.98	1.8	74.44	72.9

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 9.12% 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 0.81% of cases.

The remaining 15.63% 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 (as at 30 June 2008)

Council Non-Revenues		Revenues		External to Council		Totals		Public (included in External to Council count)	
Nos		Nos		Nos		Nos		Nos	
2008/9	2007/8	2008/9	2007/8	2008/9	2007/8	2008/9	2007/8	2008/9	2007/8
8	8	69	60	174	174	251	242	87	52

Reporting for the financial year to 30 June 2008 the Counter Fraud Section has received 251 referrals covering a range of 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 23.9% of referrals followed by allegations of benefit claimants failing to declare earnings which accounts for an average of 33.06% of our referrals.

13. COUNTER-FRAUD IMPACT ON BENEFIT PROCESSING

Between April and June 2008 there has been no matters raised from the Counter-Fraud Section that have required action by Revenues in order to secure the benefit system further against fraud. Any issues that are raised are addressed through the appropriate channels.

2008/9	2007/8
0	2

14. INVESTIGATION PERCENTAGE SUCCESS RATE (as at 30 June 2008)

	2008/9	2007/8
Percentage success rate on case closures	40%	36%
No of current live investigations	116	63

15. COMPLAINT MONITORING (as at 30 June 2008)

There have been two complaints received in relation to Counter Fraud activities for this financial year, none of which were found to be substantiated.

2008/9	2007/8
2	1

D K Dorward
Depute Chief Executive (Finance)

Date: 27 October 2008

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