

REPORT TO: POLICY AND RESOURCES COMMITTEE
REPORT ON: COUNTER-FRAUD REPORT - AS AT 30 SEPTEMBER 2011
REPORT BY: DIRECTOR OF FINANCE
REPORT NO: 557 - 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 September 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

- Counter-Fraud staff turnover has impacted 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 joint-investigated cases with the Department for Work and Pensions has also contributed to this decrease.
- There has been an increase in the number of successful Prosecutions in Court. 10 guilty verdicts have been reached in comparison to 7 in the previous year. The increase in cases referred to the Procurator Fiscal at the end of the last financial year has resulted in the increase in guilty verdicts.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty and Quality 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

M M Stewart Director of Finance	Date:	
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COUNTER-FRAUD SECTION PERFORMANCE

POSITION STATEMENT AS AT 30 September 2011		2011-2012	2010-2011
Completed investigations		173	174
Investigations where either a reduction or cessation of benefit transpired		75	91
Percentage		43%	52%
Overall Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the income table below)		£271,714	£326,752
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)		£450,006	£573,590
	LA Benefit Fraud Overpayments	£79,581	£123,582
	LA benefit Claimant Error Overpayments	£192,133	£203,170
	DWP benefit Fraud Overpayments	£178,292	£246,838

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	11,099	14,861	5,873	31,833
	Classified as Claimant Error	17,903	42,617	16,333	76,853
Administrative Penalties created					967
TOTALS		29,002	57,478	22,205	109,653

* 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	31,833	49,433
Claimant Error Overpayments	76,853	81,268
Administrative Penalties created	967	2184

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
2011-2012	*147,243	124,471			£271,714
2010-2011	213,410	113,342			£326,752

* Quarter 1 figures revised since previous Quarter report

ACTIONS TAKEN	2011-2012	2010-2011
Prosecutions referred to Procurator Fiscal	8	19
Administrative Penalties	16	15
Administrative Cautions	8	6
Total Sanctions	32	40
Joint working sanctions	17	19
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
2011-2012	5	5	2	0	2	0	0	0	7	1
2010-2011	3	4	1	0	3	1	0	0	13	6

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.	3	5
No of cases referred to the LA fraud investigation section during the quarter	333	292
No of cases subject to investigation by the fraud section that were closed during this quarter	79	85
Total number of cases under investigation that related to DWP administered benefits that were closed during this quarter	0	1
Number of cautions offered and accepted during the quarter	6	4
Number of administrative penalties offered and accepted during the quarter	11	9
Number of administrative penalties offered and accepted with a DWP benefit interest during the quarter	5	0
Number of cases accepted for prosecution during the quarter	*5	7
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 please and verdicts) during the quarter	5	3
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. 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%	1	7	8	100%
Successful Prosecutions	7	5	5	10	143%
*Sanctions	49	16	16	32	65%

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	9 day	Yes
Outcome of referral assessment to start of investigation	28 days	3 day	Yes

RECOVERY OF BENEFIT FRAUD OVERPAYMENTS	2011-2012 %	2010-2011 %
Paid in full	57.79	55.29
Automatic deductions from ongoing benefit entitlement	13.07	14.09
Arrangement in place	3.45	3.78
Total % cases recovered or where recovery in place	74.31	73.16
Total % non-recoverable cases (technical , LA or DWP error)	0.59	0.65
Total % write off cases	11.65	11.47
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	13.45	14.72

COUNTER-FRAUD REFERALLS RECEIVED	2011-2012	2010-2011
Council Non-Revenues	55	61
Revenues	223	262
External to Council	349	280
Totals	627	603
Public (included in External to Council count)	236	167

COUNTER-FRAUD IMPACT ON BENEFIT PROCESSING	2011-2012	2010-2011
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	1	0

INVESTIGATION PERCENTAGE SUCCESS RATE	2011-2012	2010-2011
Percentage success rate on case closures	21.39%	17.14%
No of current live investigations	160	174

COMPLAINT MONITORING	2011-2012	2010-2011
No of complaints received in relation to our counter-fraud activity	1	0

Marjory M Stewart Director of Finance	Date:	
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