

**REPORT TO:** POLICY AND RESOURCES COMMITTEE – 11 MARCH 2013  
**REPORT ON:** COUNTER-FRAUD REPORT - AS AT 31 DECEMBER 2012  
**REPORT BY:** DIRECTOR OF CORPORATE SERVICES  
**REPORT NO:** 127 - 2013

#### **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 31 December 2012.

#### **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 number of successful Prosecutions (guilty verdicts) has increased significantly in comparison to previous years. This can be attributed to a number of factors such as the higher quality of investigative work and standard prosecution reports reported to the Procurator Fiscal and the Fiscals willingness to take action against benefit fraudsters.
- A change in strategy by Dundee City Council and the Department for Work and Pensions in pursuing allegations that are more likely to result in Prosecution action being taken against fraud offenders has resulted in an increase in the number of reports sent to the Procurator Fiscal in comparison to the previous year..

#### **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.

An equality Impact Assessment is available on the Council website.  
[http://www.dundee.gov.uk/sites/default/files/publication\\_3337.pdf](http://www.dundee.gov.uk/sites/default/files/publication_3337.pdf)

There are no major issues.

#### **6.0 CONSULTATIONS**

The Chief Executive and Head of Democratic and Legal Services.

#### **7.0 BACKGROUND PAPERS**

Equality Impact Assessment

<b>M M Stewart</b> <b>Director of Corporate Services</b>	<b>Date:</b>	
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## COUNTER-FRAUD SECTION PERFORMANCE

POSITION STATEMENT AS AT 31 December 2012		2012-2013	2011-2012
Completed investigations		213	232
Investigations where either a reduction or cessation of benefit transpired		85	97
Percentage		40%	42%
Overall Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the income table below)		£294,087	£324,100
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)		£457,871	£579,583
	LA Benefit Fraud Overpayments	£89,247	£99,233
	LA benefit Claimant Error Overpayments	£204,841	£224,867
	DWP benefit Fraud Overpayments	£163,784	£255,483

### 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	12,691	14,605	8,403	35,699
	Classified as Claimant Error	17,309	45,123	19,504	81,936
Administrative Penalties created					1,891
TOTALS		30,000	59,728	27,907	119,526

\* 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	2012-2013	2011-2012
Fraud Overpayments	£35,699	£39,693
Claimant Error Overpayments	£81,936	£89,947
Administrative Penalties created	£1,891	£1,190

## 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>2012-2013</b>	49,761	132,753	111,573		£294,087
<b>2011-2012</b>	147,243	124,471	52,386		£324,100

ACTIONS TAKEN	2012-2013	2011-2012
Prosecutions referred to Procurator Fiscal	35	21
Administrative Penalties	15	18
Administrative Cautions	7	9
Total Sanctions	57	48
Joint working sanctions	37	28
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>2012-2013</b>	15	10	1	1	0	1	0	0	30	6
<b>2011-2012</b>	7	6	3	0	0	0	3	0	17	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	2012-2013	2011-2012
No of full time equivalent fraud investigators at the end of each quarter.	4	4
No of cases referred to the LA fraud investigation section during the quarter	257	315
No of cases subject to investigation by the fraud section that were closed during this quarter	60	59
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	0	1
Number of administrative penalties offered and accepted during the quarter	6	2
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	13
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	3	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.

**PERFORMANCE AGAINST TARGET - ACTIONS TAKEN**

Target Type	Yearly Target	Achieved (DCC led)	Achieved (DWP led)	Combined total	% of year performance to date
Successful Prosecutions	15	10	15	25	167%
*Sanctions	75	20	37	57	76%

**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 days	yes
Outcome of referral assessment to start of investigation	2 days	1 day	yes

<b>RECOVERY OF BENEFIT FRAUD OVERPAYMENTS</b>	<b>2012-2013 %</b>	<b>2011-2012 %</b>
Paid in full	61.61	58.82
Automatic deductions from ongoing benefit entitlement	10.50	12.18
Arrangement in place	1.67	3.67
Total % cases recovered or where recovery in place	73.78	74.67
Total % non-recoverable cases (technical , LA or DWP error)	0.56	0.59
Total % write off cases	11.94	11.83
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	13.72	12.91

<b>COUNTER-FRAUD REFERALLS RECEIVED</b>	<b>2012-2013</b>	<b>2011-2012</b>
Council Non-Revenues	26	68
Revenues	397	352
External to Council	430	499
Totals	853	919
Public (included in External to Council count)	279	333

<b>COUNTER-FRAUD IMPACT ON BENEFIT PROCESSING</b>	<b>2012-2013</b>	<b>2011-2012</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	1	2

<b>INVESTIGATION PERCENTAGE SUCCESS RATE</b>	<b>2012-2013</b>	<b>2011-2012</b>
Percentage success rate on case closures	21.60%	18.97%
No of current live investigations	144	166

<b>COMPLAINT MONITORING</b>	<b>2012-2013</b>	<b>2011-2012</b>
No of complaints received in relation to our counter-fraud activity	0	1

<b>Marjory M Stewart</b> <b>Director of Corporate Services</b>	<b>Date:</b>	
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