

REPORT TO: POLICY AND RESOURCES COMMITTEE
REPORT ON: COUNTER-FRAUD REPORT - AS AT 31 MARCH 2012
REPORT BY: DIRECTOR OF CORPORATE SERVICES
REPORT NO: 209 -2012

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 March 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

- There has been an increase in the number of successful Prosecutions in Court. 17 guilty verdicts have been reached in comparison to 13 in the previous year. Tougher sentences have been handed out by the Courts. 4 persons have been given custodial sentences during this period as a result of effective joint-working counter-fraud activity carried out by the Council and the Department for Work and Pensions.
- There has been an increase in the number of referrals received by the Counter-Fraud Section in comparison to the previous year. This increase can be contributed to a higher level of referrals provided to the Council by the public and a higher level of data-matching activity within the Department.
- Turnover of staff has impacted on Counter-Fraud activity over the last year including submissions to the Procurator Fiscal by the Council's counter-fraud unit. However, the overall number of Sanctions administered by the Council has remained consistent based on a higher level of Sanction outcomes in the last quarter.

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 has been carried out and will be made available on the Council website. <http://www.dundee.gov.uk/equanddiv/equimpact/>

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

M M Stewart Director of Corporate Services	Date:	
---	--------------	--

COUNTER-FRAUD SECTION PERFORMANCE

POSITION STATEMENT AS AT 30 September 2011		2011-2012	2010-2011
Completed investigations		352	354
Investigations where either a reduction or cessation of benefit transpired		160	163
Percentage		46%	46%
Overall Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the income table below)		£529,113	£624,222
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)		£945,985	£1,057,086
	LA Benefit Fraud Overpayments	£156,160	£200,636
	LA benefit Claimant Error Overpayments	£372,954	£423,586
	DWP benefit Fraud Overpayments	£416,871	£432,864

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	£24,526	£28,117	£9,821	£62,464
	Classified as Claimant Error	£46,217	£66,029	£36,935	£149,182
Administrative Penalties created					£1,248
TOTALS		£70,743	£94,146	£46,756	£212,894

* 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	£62,464	£80,152
Claimant Error Overpayments	£149,182	£169,537
Administrative Penalties created	£1,248	£5,057

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	52,386	205,013	£529,113
2010-2011	213,410	113,342	99,215	198,255	£624,222

* Quarter 1 figures revised since previous Quarter report

ACTIONS TAKEN	2011-2012	2010-2011
Prosecutions referred to Procurator Fiscal	32	38
Administrative Penalties	24	26
Administrative Cautions	27	21
Total Sanctions	83	85
Joint working sanctions	47	40
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	10	7	3	0	5	0	0	0	24	8
2010-2011	7	6	1	0	5	2	0	0	25	13

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.	4	4
No of cases referred to the LA fraud investigation section during the quarter	388	321
No of cases subject to investigation by the fraud section that were closed during this quarter	120	95
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	18	9
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	*11	8
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	4	5
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
Accepted Prosecutions	100%	8	24	32	100%
Successful Prosecutions	7	7	10	17	243%
*Sanctions	49	38	45	83	169%

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	10 days	yes
Outcome of referral assessment to start of investigation	28 days	3 days	yes

RECOVERY OF BENEFIT FRAUD OVERPAYMENTS	2011-2012 %	2010-2011 %
Paid in full	59.60	55.86
Automatic deductions from ongoing benefit entitlement	11.47	12.84
Arrangement in place	2.46	3.99
Total % cases recovered or where recovery in place	73.53	72.69
Total % non-recoverable cases (technical , LA or DWP error)	0.59	0.62
Total % write off cases	11.71	11.60
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	14.17	15.09

COUNTER-FRAUD REFERALLS RECEIVED	2011-2012	2010-2011
Council Non-Revenues	86	72
Revenues	504	521
External to Council	716	578
Totals	1306	1171
Public (included in External to Council count)	467	345

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	2	0

INVESTIGATION PERCENTAGE SUCCESS RATE	2011-2012	2010-2011
Percentage success rate on case closures	21.88	20.62%
No of current live investigations	166	165

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

Marjory M Stewart Director of Corporate Services	Date:	
---	--------------	--