

REPORT TO: POLICY AND RESOURCES COMMITTEE - 25 NOVEMBER 2009
REPORT ON: COUNTER-FRAUD REPORT - AS AT 30 JUNE 2009
REPORT BY: DIRECTOR OF FINANCE
REPORT NO: 524-2009

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 June 2009

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

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 and no issues have been identified.

6.0 CONSULTATIONS

The Chief Executive, Depute Chief Executive (Support Services) and Director of Finance.

7.0 BACKGROUND PAPERS

None

Marjory M Stewart Director of Finance	Date:	25 November 2009
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COUNTER-FRAUD SECTION PERFORMANCE

POSITION STATEMENT AS AT 30 JUNE 2009	2009-2010	2008-2009
Completed investigations	73	56
Investigations where either a reduction or cessation of benefit transpired	34	33
Percentage	47%	59%
Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the income source table below)	£75,543	** £192,335
Benefit Overpayments identified by the counter fraud section including DWP overpayments for joint working investigations (100% figure as opposed to 40% as used in the income source table below)	£118,617	*** N/A
Benefit Fraud Overpayments	£44,814	** £130,605
Benefit Claimant Error Overpayments (not fraud)	£30,729	** £61,730

** The previous financial year for this quarter included a number of cases with large overpayment amounts

*** DWP overpayments statistics is an addition to our reporting this year

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	3,198	8,590	6,138	17,926
Classified as Claimant Error (not fraud)	2,464	3,993	5,835	12,292
Administrative Penalty Income				2,411
TOTALS	5,662	12,583	11,973	32,629

* 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	2009-2010 £	2008-2009 £
Fraud Overpayments	17,926	*52,242
Claimant Error Overpayments (not fraud)	12,292	*24,692
Administrative Penalties	2,411	1,104

ACTIONS TAKEN	2009-2010	2008-2009
Prosecutions referred to Procurator Fiscal	11	4
Administrative Penalties	9	5
Administrative Cautions	7	5
Total Sanctions	27	14
Joint working sanctions	15	7
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
2008/2009	0	0	0	0	2	1	0	0	4	0
2009/2010	3	0	1	0	1	0	0	0	10	1

HOUSING BENEFIT RECOVERIES AND FRAUD RETURNS (HBRF)

With effect from 01 April 2008 the Performance Standards mandatory reporting has been replaced by the Housing Benefit Recoveries and Fraud returns.

HBRF (Mandatory return for the quarter 01 April 2009 - 30 June 2009)	2009-2010	2008-2009
No of full time equivalent fraud investigators at the end of each quarter	5	5
No of cases referred to the LA fraud investigation section during the quarter	284	251
No of cases subject to investigation by the fraud section that were closed during this quarter	73	56
Total number of cases under investigation that related to DWP administered benefits that were closed during this quarter	0	23

Number of cautions offered and accepted during the quarter	7	5
Number of administrative penalties offered and accepted during the quarter	9	5
Number of administrative penalties offered and accepted with a DWP benefit interest during the quarter	0	3
Number of cases accepted for prosecution during the quarter	11	4
Number of cases accepted for prosecution with a DWP benefit interest during the quarter	0	4
Number of prosecutions resulting in guilty outcomes (include guilty please and verdicts) during the quarter	3	0
Number of prosecutions resulting in guilty outcomes with a DWP benefit interest during the quarter	0	0

PERFORMANCE AGAINST TARGET - ACTIONS TAKEN

Target Type	Yearly Target	Achieved (DCC led)	Achieved (DWP led)	Combined total	% of year performance to date
Referred Prosecutions	5	1	10	11	220%
Accepted Prosecutions	100%	1	10	11	100%
Successful Prosecutions	3	1	2	3	100%
Administrative Penalties	20	8	1	9	45%
Administrative Cautions	20	3	4	7	35%

PERFORMANCE AGAINST TARGET - REFERRALS

Target Types	Yearly Target	Achieved (average)	Target achieved to date
Receipt of referral (allegation) to assessing and allocating for investigation	1 day	1 day	Yes
Outcome of referral assessment to start of investigation	5 days	1 day	Yes

RECOVERY OF BENEFIT FRAUD OVERPAYMENTS	2009-2010 %	2008-2009 %
Paid in full	49.50	47.73
Automatic deductions from ongoing benefit entitlement	16.60	18.24
Arrangement in place	3.69	7.49
Sheriff Officer recovery in place	0.42	0.98
Total % cases recovered or where recovery in place	70.21	74.44
Total % non-recoverable cases (technical , LA or DWP error)	0.85	0.81
Total % write off cases	10.36	9.12
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	18.58	15.63

COUNTER-FRAUD REFERALLS RECEIVED	2009-2010	2008-2009
Council Non-Revenues	47	8
Revenues	94	69
External to Council	143	174
Totals	284	251
Public (included in External to Council count)	100	87

COUNTER-FRAUD IMPACT ON BENEFIT PROCESSING	2009-2010	2008-2009
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	2009-2010	2008-2009
Percentage success rate on case closures	35.62%	40%
No of current live investigations	121	116

COMPLAINT MONITORING	2009-2010	2008-2009
No of complaints received in relation to our counter-fraud activity	0	2

Marjory M Stewart
Director of Finance

Date: 25 November 2009