

**REPORT TO:** POLICY AND RESOURCES COMMITTEE - 13 SEPTEMBER 2010  
**REPORT ON:** COUNTER-FRAUD REPORT - AS AT 30 JUNE 2010  
**REPORT BY:** DIRECTOR OF FINANCE  
**REPORT NO:** 569-2010

## **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 2010

## **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 levels of Fraud overpayments have increased significantly when compared to the 2009-2010 mainly because of a small number of investigations that have had exceptionally high level of overpayment values being closed in this quarter. One case in particular had an overpayment value in excess of £75,000.
- The number of Joint working sanctions has decreased when compared to the same period in the 2009-2010. This may be partly due to the Department for Work and Pensions strategy in focusing their investigative resources on the more serious types of fraudulent offences since the start of the financial year. The financial threshold for conducting a benefit investigation has recently been increased by the Department for Work and Pensions.
- The number of live investigations presently being undertaken is much higher when compared to the 2009-2010 because of greater emphasis in generating quality referrals from Fraud initiatives as the Counter Fraud section continues its ongoing strategy of tackling fraud and error. A fraud exercise relating to unreturned benefit review forms has also recently generated a large volume of fraud referrals resulting in investigations.
- The same fraud exercise has resulted in an increase in case closures when compared to the same period in the 2009-2010.

## **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.

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

## **6.0 CONSULTATIONS**

The Chief Executive, Depute Chief Executive (Support Services) and Assistant Chief Executive.

## **7.0 BACKGROUND PAPERS**

Equality Impact Assessment

<b>M M Stewart</b> <b>Director of Finance</b>	<b>Date:</b>	<b>13 SEPTEMBER 2010</b>
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## COUNTER-FRAUD SECTION PERFORMANCE

POSITION STATEMENT AS AT 30 June 2010		2010-2011	2009-2010
Completed investigations		90	73
Investigations where either a reduction or cessation of benefit transpired		43	34
Percentage		48%	47%
Overall Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the income table below)		£213,410	£75,543
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)		£364,292	£118,617
	LA Benefit Fraud Overpayments	£102,332	£44,814
	LA benefit Claimant Error Overpayments	£111,078	£30,729
	DWP benefit Fraud Overpayments	£150,882	£43,307

### 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	23,291	12,008	5,634	40,933
	Classified as Claimant Error	6,010	29,712	8,709	44,431
Administrative Penalty Income					1751
TOTALS		29,301	41,720	14,343	87,115

\* 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	2010-2011	2009-2010
Fraud Overpayments	40,933	17,926
Claimant Error Overpayments	44,431	12,292
Administrative Penalties	1751	2,411

### POSITION STATEMENT QUARTERLY FRAUD STATISTICS

Benefit overpayments identified by the counter fraud section from which 40% subsidy is received

	<b>Q1 April - June £</b>	<b>Q2 July - Sept £</b>	<b>Q3 Oct - Dec £</b>	<b>Q4 Jan - March £</b>	<b>TOTAL FOR FINANCIAL YEAR</b>
<b>2010-2011</b>	85,364				85,364
<b>2009-2010</b>	30,217				30,217

<b>ACTIONS TAKEN</b>	<b>2010-2011</b>	<b>2009-2010</b>
Prosecutions referred to Procurator Fiscal	11	11
Administrative Penalties	6	9
Administrative Cautions	2	7
Total Sanctions	19	27
Joint working sanctions	11	15
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

	<b>Guilty Verdicts</b>		<b>Not Guilty</b>		<b>*No Proceedings (reasons outside the Council's control)</b>		<b>** No Proceedings (reasons within the Council's control)</b>		<b>Reports referred</b>	
	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>2010-2011</b>	1	3	1	0	1	1	0	0	7	4
<b>2009-2010</b>	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 have been replaced by the Housing Benefit Recoveries and Fraud returns.

HBRF	2010-2011	2009-2010
No of full time equivalent fraud investigators at the end of each quarter. This is the substantive no of officers, however, one officer has been on maternity leave from 30 August 2009	5	5
No of cases referred to the LA fraud investigation section during the quarter	313	284
No of cases subject to investigation by the fraud section that were closed during this quarter	90	73
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	2	7
Number of administrative penalties offered and accepted during the quarter	6	9
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	11
Number of cases accepted for prosecution with a DWP benefit interest during the quarter	1	0
Number of prosecutions resulting in guilty outcomes (include guilty please and verdicts) during the quarter	4	3
Number of prosecutions resulting in guilty outcomes with a DWP benefit interest during the quarter	1	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%	4	7	11	100%
Successful Prosecutions	3	3	1	4	133%
*Sanctions	72	8	11	19	26%

\*Referred Prosecutions, Cautions and Administrative Penalties have been amalgamated as a result of the 2010.11 performance review

**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

<b>RECOVERY OF BENEFIT FRAUD OVERPAYMENTS</b>	<b>2010-2011 %</b>	<b>2009-2010 %</b>
Paid in full	53.64	49.50
Automatic deductions from ongoing benefit entitlement	14.70	16.60
Arrangement in place	4.63	3.69
Sheriff Officer recovery in place	0.13	0.42
Total % cases recovered or where recovery in place	73.10	70.21
Total % non-recoverable cases (technical , LA or DWP error)	0.67	0.85
Total % write off cases	11.79	10.36
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	14.44	18.58

<b>COUNTER-FRAUD REFERALLS RECEIVED</b>	<b>2010-2011</b>	<b>2009-2010</b>
Council Non-Revenues	36	47
Revenues	148	94
External to Council	128	143
Totals	312	284
Public (included in External to Council count)	82	100

<b>COUNTER-FRAUD IMPACT ON BENEFIT PROCESSING</b>	<b>2010-2011</b>	<b>2009-2010</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	0	1

<b>INVESTIGATION PERCENTAGE SUCCESS RATE</b>	<b>2010-2011</b>	<b>2009-2010</b>
Percentage success rate on case closures	14.44%	35.62%
No of current live investigations	189	121

<b>COMPLAINT MONITORING</b>	<b>2010-2011</b>	<b>2009-2010</b>
No of complaints received in relation to our counter-fraud activity	0	0

<b>Marjory M Stewart</b> <b>Director of Finance</b>	<b>Date:</b>	<b>13 SEPTEMBER 2010</b>
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