

**REPORT TO: POLICY AND RESOURCES COMMITTEE - 10 JANUARY 2011**

**REPORT ON: COUNTER-FRAUD REPORT - AS AT 30 SEPTEMBER 2010**

**REPORT BY: DIRECTOR OF FINANCE**

**REPORT NO: 712-2010**

#### **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 September 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 overpayments identified by the counter-fraud unit have increased significantly when compared to the 2009-2010 mainly because of a small number of investigations that have had exceptionally high levels of overpayment values being closed in the 1st quarter of the financial year.
- There have been twice as many successful Prosecutions led by Dundee City Council in comparison to the same period in the 2009-2010 financial year.
- The number of Joint-Working sanctions with the Department of Work and Pensions has decreased slightly in comparison to the 2009-2010 financial year. This may be as a result of the Department for Work and Pensions recent change in increasing the financial threshold for conducting a benefit investigation so as to concentrate on the more serious levels of Fraud.

#### **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.

The Equality Impact Assessment which was carried out for Report No 569-2010 in September 2010 fully addresses the proposals in this report and is available on the Council's Website <http://www.dundee.gov.uk/equanddiv/dequimpact/>.

#### **6.0 CONSULTATIONS**

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

#### **7.0 BACKGROUND PAPERS**

Equality Impact Assessment

<b>M M Stewart Director of Finance</b>	<b>Date:</b>	<b>20 December 2010</b>
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## COUNTER-FRAUD SECTION PERFORMANCE

POSITION STATEMENT AS AT 30 September 2010	2010-2011	2009-2010
Completed investigations	174	156
Investigations where either a reduction or cessation of benefit transpired	91	70
Percentage	52%	45%
Overall Benefit Overpayments identified by the counter fraud section (100% figure as opposed to 40% as used in the income table below)	£326,752	£177,884
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)	£573,590	£258,606
LA Benefit Fraud Overpayments	£123,582	£112,526
LA benefit Claimant Error Overpayments	£203,170	£65,358
DWP benefit Fraud Overpayments	£246,838	£80,722

### 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	25,668	15,878	7,887	49,433
Classified as Claimant Error	17,917	46,539	16,812	81,268
Administrative Penalty Income				2,592
<b>TOTALS</b>	43,585	62,417	24,699	133,293

\* 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	123,582	112,526
Claimant Error Overpayments	203,170	65,358
Administrative Penalties	2,592	3,584

## 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>2010-2011</b>	213,410	113,342			326,752
<b>2009-2010</b>	75,543	102,341			177,884

ACTIONS TAKEN	2010-2011	2009-2010
Prosecutions referred to Procurator Fiscal	19	18
Administrative Penalties	15	16
Administrative Cautions	6	9
Total Sanctions	40	43
Joint working sanctions	19	24
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>2010-2011</b>	3	4	1	0	3	1	0	0	13	6
<b>2009-2010</b>	5	2	0	0	2	0	0	0	14	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	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 was on maternity leave from 30 August 2009 and subsequently left her post in August 2010.	5	5
No of cases referred to the LA fraud investigation section during the quarter	292	263
No of cases subject to investigation by the fraud section that were closed during this quarter	85	83
Total number of cases under investigation that related to DWP administered benefits that were closed during this quarter	1	0
Number of cautions offered and accepted during the quarter	4	2
Number of administrative penalties offered and accepted during the quarter	9	7
Number of administrative penalties offered and accepted with a DWP benefit interest during the quarter	0	1
Number of cases accepted for prosecution during the quarter	*7	*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	3	4
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%	6	13	19	100%
Successful Prosecutions	3	4	3	7	233%
*Sanctions	72	21	19	40	56%

\*Referred Prosecutions, Cautions and Administrative Penalties have been amalgamated as a result of the 2010-2011 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

RECOVERY OF BENEFIT FRAUD OVERPAYMENTS	2010-2011 %	2009-2010 %
Paid in full	55.29	50.76
Automatic deductions from ongoing benefit entitlement	14.09	16.44
Arrangement in place	3.78	4.16
Total % cases recovered or where recovery in place	73.16	71.64
Total % non-recoverable cases (technical , LA or DWP error)	0.65	0.83
Total % write off cases	11.47	10.24
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	14.72	17.29

<b>COUNTER-FRAUD REFERALLS RECEIVED</b>	<b>2010-2011</b>	<b>2009-2010</b>
Council Non-Revenues	61	88
Revenues	262	198
External to Council	280	261
Totals	603	547
Public (included in External to Council count)	167	192

<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	17.14%	29.49%
No of current live investigations	174	140

<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> Director of Finance	<b>Date:</b>	
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