

REPORT TO: POLICY AND RESOURCES COMMITTEE
REPORT ON: COUNTER-FRAUD REPORT - AS AT 31 DECEMBER 2014
REPORT BY: DIRECTOR OF CORPORATE SERVICES
REPORT NO: 84-2015

1.0 PURPOSE OF REPORT

This report is to inform the Elected Members on the Revenues Division's Counter Fraud activity as at 31 December 2014

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 is detailed on the attached appendix and the main highlights are summarised below.

- The number of Benefit Fraud case closures, which have resulted in a guilty verdict, have decreased in comparison to the previous year, from 21 to 11. This is mainly due to the team now investigating Corporate Fraud referrals as well as benefit cases.
- The local joint counter-fraud initiative with the DWP has now ceased. Results from this pilot are now starting to show in the team's overpayments totals, which have increased from £496,527 to £663,978.
- As of January 2015 the team are back operating with its maximum 3 Fraud Officers due to the investigative completion of the DWP Initiative.
- The Fraud Team have achieved significant successful outcomes for non-benefit fraud case referrals.

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 was previously carried out and fully addresses the content of this report, article IX of the minute of meeting of the Policy and Resources Committee of 11 June 2012. Report No 209-2012 refers.

6.0 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services.

7.0 BACKGROUND PAPERS

None

M M Stewart Director of Corporate Services	Date:	10 February 2015
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COUNTER-FRAUD SECTION PERFORMANCE

Social Security Benefits	2014-2015	2013-2014
Completed investigations	198	169
Investigations where either a reduction or cessation of benefit transpired	79	58
Percentage	40%	34%
Housing Benefit/Council Tax Benefit Fraud and Error Overpayments (100% figure as opposed to 40% as used in the income table below)	£266,085	£290,855
* Overall Benefit Overpayments identified by the counter fraud section including DWP overpayments and Tax Credits	£663,978	£496,527

* Council Tax Benefit was abolished from 01/04/2013. The total level of overpaid Benefits in the table above will still include elements of overpaid Council Tax Benefit as a result of counter-fraud activity whereby the period affected is prior to April 2013.

SUBSIDY FROM HOUSING BENEFIT COUNTER FRAUD ACTIVITY (40%)

SUBSIDY TYPE	2014-2015	2013-2014
Classified as Fraud and claimant error	£106,434	£85,507
Administrative Penalties created	£2,251	£2,051
TOTALS FOR YEAR TO DATE	£108,685	£87,557

* The Department for Work and Pensions pay subsidies to local authorities for administering the Housing Benefit scheme. 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 Housing benefit overpayment has been classified as 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.

ACTIONS TAKEN	2014-2015	2013-2014
Benefit Prosecution reports referred to Procurator Fiscal	21	22
Guilty Verdicts	11	21
Not Guilty or No proceeding	1	0
Administrative Penalties	4	4
Administrative Cautions	4	3
Total Sanctions	29	29

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	2014-2015	2013-2014
No of full time equivalent fraud investigators at the end of each quarter.	3	4
No of cases referred to the LA fraud investigation section during the quarter	312	207
No of cases subject to investigation by the fraud section that were closed during this quarter	95	53
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	1
Number of administrative penalties offered and accepted during the quarter	2	0
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	5	11
Number of cases accepted for prosecution with a DWP benefit interest during the quarter	2	0
Number of prosecutions resulting in guilty outcomes (include guilty pleas and verdicts) during the quarter	4	7
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	% of year performance to date
Successful Prosecutions	30	11	37%
Benefit Sanctions	30	29	97%

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 days	3 days	yes
Outcome of referral assessment to start of investigation	10 days	4 days	yes

RECOVERY OF BENEFIT FRAUD OVERPAYMENTS	2014-2015 %	2013-2014 %
Paid in full	64.74	63.01
Automatic deductions from ongoing benefit entitlement	10.03	9.39
Arrangement in place	1.45	1.60
Total % cases recovered or where recovery in place	76.22	74
Total % non-recoverable cases (technical , LA or DWP error)	0.52	0.53
Total % write off cases	11.89	12.90
Total % cases where recovery procedures are still ongoing where the debtor has failed to put repayment procedures in place	11.37	12.57

COUNTER-FRAUD REFERALLS RECEIVED BY TYPE	2014-2015	2013-2014
* Social Security Benefit	887	820
DCC Housing Tenancy	56	n/a
Blue Badge	29	n/a
Council Tax Related	145	n/a
School Placing Requests	2	n/a
Totals	1119	820

* Approximately 88% of Social security Benefit referrals will also relate to Council Tax Reduction.

CORPORATE FRAUD SUCCESSFUL OUTCOMES	2014-2015	2013-2014
Blue Badge	7	n/a
Blue Badge Successful Prosecution	1	n/a
Council Tax Reduction	18	n/a
Council Tax Discounts & Exemptions	46	n/a
Council Tax Discount & Exemptions Report to Procurator Fiscal	1	n/a
School Placing Requests	2	n/a
DCC Tenancy Fraud (properties returned to DCC Housing Stock due to Fraud Investigation)	4	n/a
Total Corporate Fraud Successful Outcomes	79	n/a

CORPORATE FRAUD OVERPAYMENTS	2014-2015	2013-2014
Blue Badge (notional figure of £2000 per Blue Badge seized)	16,000.00	n/a
Council Tax Reduction	7,395.00	n/a
Council Tax Discounts & Exemptions	40,998.00	n/a
School Placing Requests	No Figures Set	n/a
DCC Tenancy Fraud (notional figure of £18,000 per property returned to DCC Housing Stock)	72,000.00	n/a
Total Corporate Fraud Actual & Notional Savings	136,393.00	n/a

COMPLAINT MONITORING	2013-2014	2012-2013
No of complaints received in relation to our counter-fraud activity	0	0