

REPORT TO: POLICY AND RESOURCES COMMITTEE - 11 FEBRUARY 2008
REPORT ON: COUNTER-FRAUD REPORT OCTOBER - DECEMBER 2007
REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)
REPORT NO: 93-2008

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 31st December 2007

2.0 RECOMMENDATIONS

It is recommended that the Committee approve the Counter-Fraud Performance Report.

3.0 FINANCIAL IMPLICATIONS

None

4.0 MAIN TEXT

In July 2003 the Council was inspected by the Benefit Fraud Inspectorate. The resulting report, published on 05 February 2004, included various recommendations, one of which was to make Counter-Fraud operational information available to Elected Members. To address this recommendation, the June 2004 Finance Committee agreed to adopt quarterly reporting.

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), Depute Chief Executive (Finance) and Head of Finance.

7.0 BACKGROUND PAPERS

None

D K Dorward Depute Chief Executive (Finance)	Date:	11 February 2008
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COUNTER FRAUD PERFORMANCE REPORT 2007/2008

Position Statement as at 31st December 2007

COUNTER-FRAUD SECTION PERFORMANCE

1. INTRODUCTION

In July 2003 the Council was inspected by the Benefit Fraud Inspectorate. The resulting report, published on 05 February 2004, included various recommendations, one of which was to make Counter-Fraud operational information available to Elected Members. To address this recommendation, the September 2004 Finance Committee agreed to adopt quarterly reporting.

2. INCOME RECEIVED BY COUNCIL FROM THE COUNCIL'S COUNTER FRAUD ACTIVITY 2007/2008

(as at 31 December 2007)

INCOME SOURCE		COUNCIL TENANTS HOUSING BENEFIT	PRIVATE TENANTS HOUSING BENEFIT	COUNCIL TAX BENEFIT	TOTALS
* Benefit Overpayments		£	£	£	£
	Classified as Fraud	46,950	55,916	36,766	139,632
	Classified as Claimant Error	11,924	9,742	15,445	37,111
Administrative Penalty Recovery					5,821
TOTALS		58,874	65,658	52,211	182,864

*The Council receive a 40% reimbursement on overpayments when recovered in full therefore the reporting reflects 40% of the anticipated income.

Comparison information for the period April to December

Fraud Overpayments		Claimant Error Overpayments		Administrative Penalties	
£		£		£	
2007	2006	2007	2006	2007	2006
139,632	125,498	37,111	67,343	5,821	1,772

3. REDUCTION & CESSATION OF BENEFITS

Whilst this report primarily deals with our investigations that result in fraud proven, there is a secondary tier of benefit action resulting from cases where the fraud has not been proven but the investigation establishes that the claimant failed to report a change in circumstances that results in their benefit award either being reduced or withdrawn over the period of time the investigation centred on.

Comparison information for the period April to December

Reduction & Cessation of benefit information	April to December 2007	April to December 2006
Completed	134	316
Investigations where either a reduction or cessation of benefit transpired	75	162

Percentage	56%	51%
Benefit Overpayments identified	£92,779	£168,362

Ongoing improvements to our working practices since 2006 have enabled the Counter-fraud team to investigate cases to sanction level. This in turn has led to an inevitable reduction in the number of cases being investigated but resulting in an increased number of sanctions. It has also led to an increase in the percentage of non-fraud cases where the investigation found that claimants had failed to declare their true income.

4. SANCTION POSITION STATEMENT (for the period April to December)

Prosecutions		Administrative Penalties		Administrative Cautions		Total Sanctions	
2007	2006	2007	2006	2007	2006	2007	2006
2	2	24	10	23	3	49	15

5. PROSECUTION POSITION STATEMENT (for the period April to December)

In those cases reported to the Procurator Fiscal towards the end of a financial year the outcome may not be known until the next financial year. In this respect in the table below the total of reports shown submitted in a financial year may not necessarily equal the total of known outcomes for that same year.

Year	Guilty Verdicts	Successful joint working cases DWP	Not Guilty	* No Proceedings (reasons out-with the Council's control)	** No Proceedings (reasons within the Council's control)	Reports referred
2005/2006	3		0	2	0	4
2006/2007	5		0	1	1	13
2007/2008	2	0	0	6	1	5

* The Procurator Fiscal can decide not to progress a case for various reasons but this information is not provided to the Council

** Where the Procurator Fiscal marks a case for no proceedings and there is any fault in either the investigation or the reporting then this is usually confirmed to the Council to implement updates in its procedures

No proceedings cases where the reason for not proceeding was within the Council's control			
	<ul style="list-style-type: none"> Delay 		
		Action Taken	
			Reviewed investigatory work to establish any time savings to reduce delay in cases.

6. PERFORMANCE STANDARDS FRAUD RETURNS

The Performance Standards relating to benefit fraud have been reviewed by the Department for Work and Pensions and there are now Benefit related Performance Standards with each one having various enablers. These enablers are procedures and processes that need to be in place to underpin the actual Standard. The Council cannot be said to have reached the Performance Standard until both the standard and the enablers are all in place.

There are six performance measurements for benefit fraud.

- **No of fraud referrals per 1000 caseload**

April to December 2007	April to December 2006
2.93	3.5

- **No of fraud investigators employed per 1000 caseload**

April to December 2007	April to December 2006
0.24	0.22

- **No of fraud investigations per 1000 caseload**

April to December 2007	April to December 2006
1.33	1.24

- **No of reported sanctions per 1000 caseload**

April to December 2007	April to December 2006
0.24	0.35

- **Time measure on the time taken from receipt of a referral to the referral content being assessed and determining appropriate actioning of the case. The Performance Standard is for this transitional stage to be completed in an average of 10 working days.**

April to December 2007	April to December 2006
87%	92%

Implementation of new software caused the above temporary slippage

- **Time measure on the time taken from assessing the referral content for appropriate action to the Investigation Officer starting the investigation. The Performance Standard is for this transitional stage to be completed within an average of 10 working days.**

April to December 2007	April to December 2006
100%	3%

7. SANCTION VARIANCES

As per the Benefit Fraud Inspectorate's recommendation, Elected Members are to be updated about any cases where the sanction action taken against a person, who has committed a benefit fraud offence, is at variance to our current Anti Fraud & Anti Corruption Policy. The variance situations will be noted on the report following the occurrence.

April to December 2007	April to December 2006
1	2

8. JOINT WORKING SANCTIONS

April to December 2007	April to December 2006
11	4

9. JOINT WORKING SANCTION VARIANCES

April to December 2007	April to December 2006
0	0

10. RESOURCES

No of Investigating Officers	
2007	2006
5	4.77

11. RECOVERY OF BENEFIT FRAUD OVERPAYMENTS (for the period April to December)

Paid in full		Automatic deductions from ongoing benefit entitlement		Arrangement in place		Sheriff Officer recovery in place		Total % cases recovered or where recovery in place	
%		%		%		%		%	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
47.75	42.6	19.46	22.5	5.4	5.8	1.26	2.1	73.87	73

For cases where the council finds it cannot recover the overpayment such as instances where the debtor has moved away, deceased cases, and any other situation where the recovery process has been exhausted, a 'write off' procedure is necessary and to date this year this amounts to 10.09% of cases. These cases are regularly reviewed and wherever possible the recovery recommences at that point.

There are also instances where certain cases are non-recoverable such as instances where the debtor could not have been expected to know that the overpayment had occurred, technical error, LA or DWP error and for the year to date this amounts to 0.90% of cases.

The remaining 15.14% of cases are at the various stages of recovery for debtors that have failed to put repayment measures in place.

The Council actively pursues all debtors by invoking all legal measures to increase debt recovery. However, anyone who has a debt with the Council should be aware that once the first step is taken to contact us about the matter then mutually suitable arrangements can be put in place, relieving the debtor from the worry of this debt and enabling the Council to reduce the level of debt overall.

12. COUNTER-FRAUD REFERRALS (comparison information for the period April to December)

Council Non-Revenues		Revenues		External to Council		Totals		Public (included in External to Council count)	
Nos		Nos		Nos		Nos		Nos	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
18	13	240	274	374	399	632	686	166	223

Reporting for the financial year to 31 December 2007 the Counter Fraud Section has received 632 referrals covering 22 different Fraud types. Grouping these referral types into categories the most prolific referral fraud type for the year to date is referrals alleging that benefit claimants have failed to declare a partner in the property and accounts for an average of 40% of referrals followed by allegations of benefit claimants failing to declare earnings which accounts for an average of 23% of our referrals.

13. COUNTER-FRAUD IMPACT ON BENEFIT PROCESSING

Between April and December 2007 there have been no matters raised from the Counter-Fraud Section that have required action by Revenues in order to secure the benefit system further against fraud.

14. INVESTIGATION PERCENTAGE SUCCESS RATE (comparison information for the period April to December)

	2007	2006
Percentage success rate on case closures	40%	29%
No of live investigations	95	138

15. COMPLAINT MONITORING (comparison information for the period April to December)

There have been no complaints received in relation to Counter Fraud activities for this financial year.

D K Dorward
Depute Chief Executive (Finance)

Date: 11 February 2008

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