

**FRAUD SECTION MONITORING REPORT: THIRD QUARTER 2009/10**

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**1.0 FRAUD WORK IN THE THIRD QUARTER 2009/10**

- 1.1 The Fraud section receives referrals of suspected fraud from a number of sources: the majority are from the Housing Benefits Matching Service [where a monthly electronic download of our Benefits system is matched against records held by the Department of Work and Pensions (DWP) and any mismatches are sent back for investigation], some are referred by the Council's own Benefits assessors, some from the public [either in writing or via the Fraud Hotline] and some from the National Fraud Initiative [where our Benefits records are matched against national records held].
- 1.2 The referrals received are assessed and prioritised for investigation, on a rolling basis. The third quarter has, therefore, resulted in sanctions being applied from work started earlier in the year. A summary of workload for the quarter is shown below.

**1.3 Caseload investigated 1<sup>st</sup> October to 31st December 2009**

|  |    |
|--|----|
| Number of cases referred:                        | 99 |
| Number of cases accepted for investigation:      | 65 |
| Number of cases closed after investigation       | 72 |
| Number of cases closed non-proven:               | 10 |
| Number of cases summonsed for prosecution        | 4  |
| Number of successful prosecutions:               | 2  |
| Number of prosecutions found "Not guilty":       | 0  |
| Number of prosecutions rejected:                 | 0  |
| Number of Administrative Penalties (fines) given | 2  |
| Number of Cautions given:                        | 2  |

**2.0 PROGRESS AGAINST TARGETS**

- 2.1 The Department of Work and Pensions (DWP) have not set targets for this financial year but our results are still recorded and reported to them. To record ongoing progress we set our own targets based on the Benefits live caseload and the previous statutory targets. To enable comparisons with other Local Authorities, the figures are set per 1000 caseload. In 2009/10, the annual target for the number of investigations carried out is 41.2 per 1000 caseload. Based on the Benefits caseload as at 4<sup>th</sup> January 2010, of 6854, this is a target of 282 investigations for the year, i.e. 70 per quarter.
- 2.2 Based on the average caseload, we need to achieve an annual target of 28 sanctions (Prosecutions, Admin Penalties or Cautions), i.e. 7 per quarter.
- 2.3 There is no set target for the number of investigators. We have 3 fraud investigation officers, including the team leader. This is in line with the number at similar-sized District Councils.
- 2.4 For the third quarter 1<sup>st</sup> October to 31<sup>st</sup> December we have achieved:-

|                             | <u>Quarter</u> |               | <u>Year to Date</u> |               |
|-----------------------------|----------------|---------------|---------------------|---------------|
|                             | <u>Target</u>  | <u>Actual</u> | <u>Target</u>       | <u>Actual</u> |
| No of investigations closed | 70             | 72            | 210                 | 248           |
| No of sanctions *           | 7              | 6             | 21                  | 36            |

\* 2 Administrative Penalties, 2 Cautions and 2 Prosecutions in the quarter.  
6 Administrative Penalties, 24 Cautions and 6 Prosecutions in the year to date, from 1<sup>st</sup> April to 31<sup>st</sup> December 2009.

- 2.5 The quarterly target was exceeded for the number of investigations closed in this quarter and we are on target to meet the annual target of 282 investigations closed. Although the number of sanctions was slightly below target for the quarter, the annual target for sanctions had already been exceeded by the half-year point.
- 2.6 As a result of their investigations in the third quarter, the Fraud Team have identified overpayments of housing and council tax benefits of £45,976.51. The Revenues and Benefits Recovery team will pursue recovery of these overpayments. Through joint working with the Department of Work and Pensions, we also identified overpayments in excess of £51,122.31 in relation to benefits administered by them. We also had 10 benefit claims cancelled by the claimants in this quarter, after full investigations were conducted, but sanctions were not applied for varying reasons. The financial implications in these cases cannot be judged.

- 2.7 Administrative Penalties amounting to £1,122.11 were given to fraudulent claimants in the third quarter. This income will be reinvested in fraud investigation activities but will not be recovered until all the benefit overpayment has been repaid.
- 2.8 Changes in the Welfare Reform Act allowed Local Authorities to prosecute national benefit offences from April 2008, for example, where the DWP had decided to take no action. However, this has not been necessary to date.

### **3.0 STAFFING ISSUES**

- 3.1 The section is fully staffed with a Team Leader, 2 Investigators and an Admin Support Officer. Prosecutions are handled by our Legal Section or, where there is a joint prosecution with the DWP, by the Solicitors Branch of the DWP. There are currently 3 prosecution cases with our own Legal Section, pending the information being laid at court.

### **4.0 CURRENT FRAUD WORK**

- 4.1 As at 31<sup>st</sup> December 2009, the Fraud team had a caseload of 83 live investigations.
- 4.2 The results from the National Fraud Initiative (NFI) exercise were received at the end of last February. The submission of data related to Housing Benefits, Payroll, Creditors, Concessionary Travel Passes (NowCard), Licensing (Liquor and taxis), insurance claimants, Council Tax and the Electoral Register. The results are in the form of data matches, where data held on one system (e.g. the Council's Benefits system) does not match data held on another system (e.g. the DWP's Pensions database). All the sifting has been completed and cases have been prioritised.
- 4.3 There were a total of 1,846 matches returned. These related to:-
- 107 Benefits matches to various data sets
  - 512 Payroll matches (395 over pensionable age)
  - 334 Concessionary Travel Passes (e.g. some passholders were deceased)
  - 156 Creditors matches
    - 10 Payroll to Payroll (i.e. on more than 1 Payroll system)
    - 624 Council Tax Single Person Discount to Electoral Register
    - 103 Council Tax Single Person Discount to "rising 18's"  
(i.e. when the person would have become 18 and the person they were living with would no longer be eligible for Single Person Discount)

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Of the above matches, 351 were "Recommended Filter" i.e. high priority matches. 334 of these related to Concessionary Travel passes. All of these have now been checked and 333 passes have been cancelled. Creditor matches have been checked and satisfactory explanations have been found for all matches.

- 4.4 In total, we have cleared 1376 matches and, from this, have 136 live investigations. The NFI exercise is still ongoing. We often require information from other agencies to process these. These cases are not included in the referral figures and only form part of the live caseload of current investigations once we find evidence to suggest it is a fraudulent claim to benefit from the Local Authority. There are now 2 identified cases of fraud. This resulted in one successful prosecution and one claimant receiving an official caution. The investigation of the Council Tax Single Person Discount matches and the "rising 18's" is well underway and will possibly identify errors within the systems, rather than fraud. This explains the higher number of live investigations currently within the NFI exercise.
- 4.5 The investigation outcome of all these matches is separately recorded and reported back to the Audit Commission, via the NFI's own website. The purpose of the exercise and background information will be made available on the Council's own website.

**5.0 CONCLUSION AND RECOMMENDATION**

- 5.1 Fraud work is progressing in line with the service plan. The third quarter has resulted in sanctions being applied from work started earlier in the year. The annual target for sanctions has already been exceeded.
- 5.2 Members are recommended to note this report.

**Out to Consultation with:** Corporate Team  
**Background Papers:** None