

**FRAUD SECTION MONITORING REPORT: FIRST QUARTER 2010/11**

**LEAD OFFICER:** Keith Parker, Acting Corporate Director (Quality of Life)

**AUTHOR:** Kate Dowle, Fraud Team Leader

**1.0 FRAUD WORK IN THE FIRST QUARTER 2010/11**

- 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 HMRC 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 first quarter has, therefore, resulted in sanctions being applied from work started earlier in the year and these have exceeded the quarterly target. A summary of workload for the quarter is shown below.

1.3 **Caseload investigated 1<sup>st</sup> April to 30 June 2010**

Number of cases referred:	66
Number of cases accepted for investigation:	50
Number of cases closed after investigation	51
Number of cases summonsed for prosecution	2
Number of successful prosecutions:	1
Number of prosecutions found "Not guilty":	0
Number of prosecutions rejected	0
Number of Administrative Penalties (fines) given	3
Number of Cautions given	6

**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

**AUDIT COMMITTEE 04 08 10**  
**ITEM 8**

enable comparisons with other Local Authorities, the figures are set per 1000 caseload. In 2010/11, the annual target for the number of investigations carried out is 41.2 per 1000 caseload. Based on the average Benefits caseload for the quarter, of 6985, this is a target of 287.7 investigations for the year, i.e. 71 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. In the first quarter, we had 1 Fraud Investigation Officer and the team leader. [1 post vacant under the existing Copeland structure but a restructure is to be implemented as part of the Shared Service arrangement for Revenues and Benefits.]
- 2.4 For the first quarter 1 April to 30 June we have achieved:-

	<u>Quarter</u>	
	<u>Target</u>	<u>Actual</u>
No of investigations closed	71	51
No of sanctions *	7	10

\* 3 Administrative Penalties, 6 Cautions and 1 Prosecution in the quarter.

- 2.5 The sanctions target was exceeded for this quarter but this could be reflected in a downturn in the figures for the next quarter. There is no way of knowing how long an investigation will take and if, indeed, it will result in a sanction. However the number of investigations closed did not meet the target due to the loss of 1 investigator during this quarter.
- 2.6 As a result of their investigations in the first quarter, the Fraud Team have identified overpayments of housing and council tax benefits of £16,891.59. 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 £6,500 in relation to benefits administered by them.
- 2.7 Administrative Penalties amounting to £1,236.41 were given to fraudulent claimants in the first 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 has had 1 vacant post – 1 of the 2 Investigation Officers – throughout the quarter. The Fraud Team was part of the shared services project under Revenues and Benefits and the employing authority from the 1<sup>st</sup> June 2010 is Carlisle City Council. The final structure of the shared service has not yet been implemented. Prosecutions are handled by the Copeland Legal Section or, where there is a joint prosecution with the DWP, by the Solicitors Branch of the DWP. There is currently 1 prosecution case with the Copeland Legal Section, pending the information being laid at court.

**4.0 CURRENT FRAUD WORK**

4.1 As at 30 June 2010, the Fraud team had a caseload of 70 live investigations.

4.2 Work has almost finished on the National Fraud Initiative (NFI) 2008/09 exercise. Further matches were received in February and there are still 155 of these to process. The total amount of overpayments identified so far is £50,626.50 of which £40,380.75 is currently being recovered. The 2010/11 exercise will start in the spring of 2011.

**5.0 CONCLUSION AND RECOMMENDATION**

5.1 Fraud work is progressing in line with the service plan. The first quarter has resulted in sanctions being applied from work started earlier in the year and these have exceeded the quarterly target. This will contribute towards meeting the annual target, as it is unlikely that as many sanctions will be achieved in the second quarter, with investigations currently in the early stages.

5.2 Members are recommended to note this report.

**Officers Consulted:** Corporate Team

**Background Papers:** None