

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

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**1.0 FRAUD WORK IN THE FIRST 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 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 2009**

Number of cases referred:	112
Number of cases accepted for investigation:	86
Number of cases closed after investigation	76
Number of cases closed non-proven:	12
Number of cases summonsed for prosecution:	2
Number of successful prosecutions:	3
Number of prosecutions found "Not guilty":	0
Number of prosecutions rejected:	0
Number of Administrative Penalties (fines) given:	3
Number of Cautions given:	10

**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 average Benefits caseload for the quarter, of 6906, this is a target of 284.5 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. 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 first quarter 1 April to 30 June we have achieved:-

	<u>Quarter</u>	
	<u>Target</u>	<u>Actual</u>
No of investigations closed	71	76
No of sanctions *	7	16

\* 3 Administrative Penalties, 10 Cautions and 3 Prosecutions in the quarter.

- 2.5 The targets were 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.
- 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 £40,146.42. 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 £75,000 in relation to benefits administered by them. We also had 7 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 £1,112.64 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 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 2 prosecution cases with our own Legal Section, pending the information being laid at court.

### **4.0 CURRENT FRAUD WORK**

- 4.1 As at 30 June 2009, the Fraud team had a caseload of 127 live investigations.
- 4.2 The results from the National Fraud Initiative (NFI) exercise were received at the end of February. 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. There were a total of 1,846 matches. We have cleared 514 and from this have 24 live investigations. 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. The investigation outcome of all these matches is also 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 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