

30 September 2014

Audit & Scrutiny Committee

Fraud Statistics

Report of: *Rick Steels, Revenues & Benefits Manager*

Wards Affected: *None*

This report is: *Public*

1. Executive Summary

- 1.1 This report provides Members with details of the work of the Fraud Investigation team for the period June 2014 through to August 2014. The number of completed investigations and the subsequent sanctions applied to offenders bears no relation to the number of investigations opened during the same period.
- 1.2 215 referrals of potential fraud were reported between June 2014 and August 2014. With the exception of 1 potential housing tenancy fraud, 214 of the referrals were for suspected Housing Benefit (HB) and/or Local Council Tax Support (LCTS) fraud.
- 1.3 7 cases were successfully investigated during this period, all for benefit fraud. The Fraud Investigation team applied sanctions to all 7 cases, 2 of which were successful prosecutions.

2. Recommendation(s)

- 2.1 That Members note the contents of this report.**

3. Introduction and Background

- 3.1 The Council is committed to providing a proactive approach to the prevention and detection of Housing Benefit, Local Council Tax Support and Housing Tenancy fraud.
- 3.2 The Fraud Investigation team will also investigate potential cases of fraud that are referred to it from a variety of sources, to ensure public funds are protected.

- 3.3 Not all referrals however are investigated as the information provided may not be sufficient or robust enough for an investigation to be opened
- 3.4 The following table provides Members with details of the number of referrals of potential Housing Benefit and/or Local Council Tax Support fraud and potential Housing Tenancy Fraud received for the period 1st June 2014 to 31st August 2014 as well as the number of those referrals that were opened for investigation.

Description	Jun14/Aug14
Number of HB/LCTS referrals received	214
Number of Housing Tenancy referrals received	1
Total number of referrals received	215
Number of cases closed during the period	142
Number of referrals opened for investigation	193
Number of opened investigations referred by the DWP data matching exercise	127
Number of opened investigations referred by an internal source e.g. staff/members	50
Number of opened investigations referred by an external source e.g. the public	16

- 3.5 The length of a fraud investigation can vary significantly depending upon the type of alleged fraud that is being committed. A case where a single claimant is suspected of having a partner resident in their household they have not told us about could take many months.
- 3.6 The process of evidence gathering, interviewing the claimant/tenant and preparing a case for Court has to follow strict legal guidelines and any failure to follow these guidelines will almost certainly render the case useless.
- 3.7 Where an investigation concludes that a fraud has been committed the Fraud Investigation team will apply a sanction. The type of sanction will depend on the seriousness of the crime, the level of benefit overpaid and also whether the claimant has committed an offence for the first time.

3.8 The following table provides Members with details of cases that were opened some months ago but have successfully been completed with a sanction applied during the period 1st June 2014 to 31st August 2014.

Description	Jun14/Aug14
Number of HB/CTB sanctions applied during the period	7
Number of Housing Tenancy sanctions applied during the period	0
Total number of sanctions applied during the period	7

3.9 There are three types of sanction that the Fraud Investigation team can impose on the claimant.

- a) Local Authority Caution
- b) Administrative Penalty
- c) Prosecution

3.10 A Local Authority Caution is usually applied to first time offenders and where the offence is not deemed to be of sufficient seriousness to go straight for a prosecution and providing they have not been cautioned by another body such as the police for a separate crime.

3.11 An Administrative Penalty which is equal to 30% of the value of the overpaid benefit is usually applied to first time offenders who have failed to disclose savings or the commencement of employment in a well paid job. Only those offenders who could reasonably be expected to repay any overpaid benefit promptly would be offered this sanction.

3.12 In all other cases the Fraud Investigation team would seek to prosecute offenders in a Court of Law. Additionally if an offender refuses to accept the offer of a Local Authority caution or an administrative penalty the offender will be considered for prosecution.

3.13 The following table provides Members with a list of the sanctions applied during the period 1st June 2014 to 31st August 2014 and the amount of benefit identified which the claimants had fraudulently claimed.

No.	Description	Amount
C34059261	This case was opened on 30 th September 2013 and closed on 10 th June 2014. A Local Authority Caution was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in her income. The claimant was overpaid Housing	£893.77

	Benefit of £893.77 to which she was not entitled. She accepted the caution.	
50025075	This case was opened on 30 th April 2014 and closed on 23 rd June 2014. A Local Authority caution was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare his income. The claimant was overpaid £4,383.03 Housing Benefit and £248.99 Local Council Tax Support. He accepted the caution.	£4,632.02
50026502	This case was opened on 27 th March 2014 and closed on 27 th June 2014. A Local Authority caution was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare her capital. The claimant was overpaid £3,697.49 Housing Benefit and £245.80 Local Council Tax Support to which she was not entitled. She accepted the caution.	£3,943.29
50026383	This case was opened on 16 th December 2013 and closed on 1 st July 2014. The claimant was successfully prosecuted under Section 112 (1A) of the Social Security Administration Act 1992 for failing to declare that his Job Seekers Allowance had ended. The claimant was overpaid £6,585.75 Housing Benefit and £436.23 Local Council Tax Support to which he was not entitled. He was found guilty and ordered to pay a £220 fine plus £300 costs and a £22 victim surcharge.	£7,021.98
50022907	This case was opened on 27 th March 2014 and closed on 1 st July 2014. The claimant was successfully prosecuted under Section 112 (1A) of the Social Security Administration Act 1992 for failing to declare an increase in her income. The claimant was overpaid £6,801.34 Housing Benefit and £1,606.10 Local Council Tax Support to which she was not entitled. She was found guilty and ordered to pay a £160 fine plus £300 costs and a £20 victim surcharge.	£8,407.44
50004671	This case was opened on 1 st May 2014 and closed on 7 th July 2014. A Local Authority caution was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in her income and that of her non dependants. The claimant was overpaid £9,221.91 Housing Benefit to which she was not entitled. She accepted the caution.	£9,221.91
C13249169	This case was opened on 25 th June 2014 and closed on 14 th August 2014. A Local Authority caution was offered under Section 112 (1A) of the	£865.45

	Social Security Administration Act 1992 after the claimant's failure to declare income for her non dependant. The claimant was overpaid £865.45 Housing Benefit to which she was not entitled. She accepted the caution.	
	Total amount of benefit fraudulently claimed and identified during the period 1st June 2014 to 31st August 2014.	£34,985.86

- 3.14 At the previous meeting of this Committee, Members requested more information about the recovery of overpayments that had occurred as a result of the application of sanctions.
- 3.15 A table of the overpayments from 1st April 2013 that have been identified at the time the sanction was applied can be found at Appendix A to this report.
- 3.16 Members will recall that fraudulent overpayments receive a 40% subsidy from the Department for Work & Pensions. Any recovery of an overpayment in excess of 60% therefore is treated as additional income for the authority.

4. Staffing

- 4.1 Members will be pleased to know that the Fraud Investigation team is now fully staffed following the appointment of a fully qualified investigator in July 2014.

5. Reasons for Recommendation

- 5.1 To provide Members with an up date of the work of the Fraud Investigation Team

6. Consultation

- 6.1 Not applicable

7. References to Corporate Plan

- 7.1 None

Implications

Financial Implications

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- 8.1 The financial implications are set out in the report.

Legal Implications

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- 8.2 Whether a person is prosecuted will depend upon whether or not there is sufficient evidence for a realistic prospect of conviction ('the evidential test') and if so whether or not it is in the public interest to prosecute ('the public interest test') and the report should be read accordingly.

- 9. Background Papers** (include their location and identify whether any are exempt or protected by copyright)

- 9.1 Background papers are held by the Revenues & Benefits service.

10. Appendices to this report

Appendix A – Overpayments from 1st April 2013

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