

**26 November 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 September 2014 through to October 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 86 referrals of potential fraud were reported between September 2014 and October 2014. With the exception of 1 potential housing tenancy fraud, 85 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. 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 1<sup>st</sup> September 2014 to 31<sup>st</sup> October 2014 as well as the number of those referrals that were opened for investigation.

<b>Description</b>	<b>Sep14/Oct14</b>
Number of HB/LCTS referrals received	85
Number of Housing Tenancy referrals received	1
<b>Total number of referrals received</b>	<b>86</b>
Number of cases closed during the period	85
<b>Number of referrals opened for investigation</b>	<b>68</b>
Number of opened investigations referred by the DWP data matching exercise	15
Number of opened investigations referred by an internal source e.g. staff/members	42
Number of opened investigations referred by an external source e.g. the public	11

- 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 1<sup>st</sup> September 2014 to 31<sup>st</sup> October 2014.

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

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% or 50% (depending on when the overpayment commenced) 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 prosecuted.

3.13 The following table provides Members with a list of the sanctions applied during the period 1<sup>st</sup> September 2014 to 31<sup>st</sup> October 2014 and the amount of benefit identified which the claimants had fraudulently claimed.

<b>No.</b>	<b>Description</b>	<b>Amount</b>
50023885	This case was opened on 3 <sup>rd</sup> July 2014 and closed on 1 <sup>st</sup> September 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 £3,690.06 Housing Benefit to which she was not entitled. She accepted the caution.	£3,690.06

50027135	This case was opened on 28 <sup>th</sup> July 2014 and closed on 3 <sup>rd</sup> September 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 a change in her household make-up. The claimant was overpaid £617.79 Housing Benefit to which she was not entitled. She accepted the caution.	£617.79
50027112	This case was opened on 9 <sup>th</sup> June 2014 and closed on 11 <sup>th</sup> September 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 £1,208.61 Housing Benefit to which she was not entitled. She accepted the caution.	£1,208.61
50026023	This case was opened on 30 <sup>th</sup> June 2014 and closed on 16 <sup>th</sup> September 2014. A Local Authority Caution was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to give a prompt notification of a change in his income. The claimant was overpaid £2,670.74 Housing Benefit to which he was not entitled. He accepted the caution	£2,670.74
50023703	This case was opened on 4 <sup>th</sup> July 2014 and closed on 14 <sup>th</sup> October 2014. The claimant was offered an Administrative Penalty of £1,622.63 under Section 112 (1A) of the Social Security Administration Act 1992 for failing to declare an increase in her income. The claimant was also overpaid £5,408.77 Housing Benefit to which she was not entitled.	£7,031.40
50025471	This case was opened on 4 <sup>th</sup> July 2014 and closed on 17 <sup>th</sup> October 2014. The claimant was offered an Administrative Penalty of £533.22 under Section 112 (1A) of the Social Security Administration Act 1992 for failing to declare an increase in his income. The claimant was overpaid £1,777.41 Housing Benefit to which she was not entitled.	£2,310.63
50018538	This case was opened on 10 <sup>th</sup> July 2014 and closed on 27 <sup>th</sup> October 2014. The claimant was offered an Administrative Penalty of £1,017.98 under Section 112 (1A) of the Social Security Administration Act 1992 for failing to declare an increase in her income. The claimant was overpaid £2,035.97 Housing Benefit to which she was not entitled.	£3,053.95

	Total amount of benefit fraudulently claimed and identified during the period 1 <sup>st</sup> September 2014 to 31 <sup>st</sup> October 2014.	£20,583.18
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#### **4. Overpayment recovery**

- 4.1 An updated table of overpayments that have been identified at the time a sanction was applied since 1<sup>st</sup> April 2013 can be found at Appendix A to this report.
- 4.2 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.

#### **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

#### **8. Implications**

##### **Financial Implications**

**Name & Title:** Jo-Anne Ireland, Acting Chief Executive & S151 Officer

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

##### **Legal Implications**

**Name & Title:** Chris Potter, Monitoring Officer and Head of Support Services

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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)

9.2 Background papers are held by the Revenues & Benefits service.

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