

27 January 2015

Audit & Scrutiny Committee

Fraud Statistics

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

Wards Affected: *None*

This report is: *Exempt*

1. Executive Summary

- 1.1 This report provides Members with details of the work of the Fraud Investigation team for the period November 2014 through to December 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 81 referrals of potential fraud were reported between November 2014 and December 2014. All of the referrals were for suspected Housing Benefit (HB) and/or Local Council Tax Support (LCTS) fraud.
- 1.3 11 cases were successfully investigated during this period, all for benefit fraud. The Fraud Investigation team applied sanctions to all 11 cases.
- 1.4 The report also provides details of the Borough's performance in detecting benefit fraud and corporate fraud and how it compares with other Local Authorities within our comparator group.

2. Recommendation(s)

- 2.1 That Members note the fraud statistics contained within this report.
- 2.2 That approval is given for officers to undertake further analysis into the viability of expanding the role of the existing counter fraud team to include areas of potential corporate frauds not currently investigated.

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 November 2014 to 31st December 2014 as well as the number of those referrals that were opened for investigation.

Description	Nov14/Dec14
Number of HB/LCTS referrals received	81
Number of Housing Fraud referrals received	0
Total number of referrals received	81
Number of cases closed during the period	45
Number of referrals opened for investigation	78
Number of opened investigations referred by the DWP data matching exercise	21
Number of opened investigations referred by an internal source e.g. staff/members	54
Number of opened investigations referred by an external source e.g. the public	3

- 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 November 2014 to 31st December 2014.

Description	Nov14/Dec14
Number of HB/CTB sanctions applied during the period	11
Number of Housing Tenancy sanctions applied during the period	0
Total number of sanctions applied during the period	11

- 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.
- 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 1st November 2014 to 31st December 2014 and the amount of benefit identified which the claimants had fraudulently claimed.

No.	Description	Amount
C06260160	A Local Authority Caution was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare his Working Tax Credits. The claimant was overpaid Housing Benefit for the period 01/10/12 – 31/08/14 to which he was not entitled. He accepted the caution.	£2,730.61
50003901	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 his income. The claimant was overpaid Housing Benefit for the period 20/08/12 – 12/10/14 to which he was not entitled. He accepted the caution.	£981.34
50026396	A Local Authority Administrative Penalty 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 Benefit for the period 06/02/12 - 03/08/14 to which she was not entitled. She accepted the Administrative Penalty.	£2,229.53
50025454	A Local Authority Administrative Penalty was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in his income. The claimant was overpaid Housing Benefit for the period 01/04/13- 06/07/14 to which he was not entitled. He accepted the Administrative Penalty.	£2,778.30
50019956	A Local Authority Administrative Penalty 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 Benefit for the period 06/02/12- 03/08/14 to which she was not entitled. She accepted the Administrative Penalty.	£1,868.83
50014708	A Local Authority Administrative Penalty was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare the income of his non dependant. The claimant was overpaid Housing Benefit for the period 21/04/14- 17/08/14 to which she was not entitled. He accepted the Administrative Penalty.	£930.70

50026479	A Local Authority Administrative Penalty 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 Benefit for the period 05/03/12- 27/04/14 to which she was not entitled. She accepted the Administrative Penalty.	£3,722.83
50018026	A Local Authority Caution was offered and accepted 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 Benefit for the period 01/04/13 – 20/07/14 to which she was not entitled. She accepted the caution.	£1,893.84
50025270	A Local Authority Administrative Penalty was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare that her Job Seekers Allowance had ended. The claimant was overpaid Housing Benefit for the period 31/03/14- 25/05/14 to which she was not entitled. She accepted the Administrative Penalty.	£1,015.36
C04063163	A Local Authority Administrative Penalty 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 Benefit for the period 21/04/14- 14/09/14 to which she was not entitled. She accepted the Administrative Penalty.	£1,588.65
50024000	This case was prosecuted in Court 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 Benefit for the period 06/05/13 – 09/02/14 to which she was not entitled. She pleaded 'Guilty' to the offence and was sentenced to a 12 month conditional discharge and ordered to pay £200 costs and a £15 Victim surcharge.	£7,335.55
	Total amount of benefit fraudulently claimed and identified during the period 1 st November 2014 to 31 st December 2014.	£27,075.54

4. Corporate Fraud

- 4.1 Each year the Audit Commission produces a report entitled 'Protecting the Public Purse' (appendix B) that includes details of each local authority's annual fraud detection activities and how this compares to the performance of similar authorities.
- 4.2 This information may be used by local authorities as an important part of reviewing current fraud strategies, resources and capabilities.
- 4.3 Members will note from this report that performance for this authority compares very favourably in the detection of benefit fraud, 579 cases detected compared to an average of 80 cases for our neighbours across the County. It should further be noted however that the question is open to interpretation and it may be that some authorities have chosen to only include detected cases where a sanction was also applied.
- 4.4 In addition to benefit fraud, the Fraud Investigation team also investigate referrals of potential Housing Tenancy fraud and the number of cases where a property has been recovered in line with the average for the comparator group.
- 4.5 There is however a number of other corporate frauds included within the report, for example Right to Buy fraud and Council Tax discount fraud, where the authority has not detected any cases which does not compare favourably with our neighbours. This is because we do not currently investigate any other corporate frauds.
- 4.6 If the Council wishes to be compared favourably with other local authorities regarding the investigation and detection of corporate fraud, further analysis into the viability of expanding the role of the existing counter fraud team, to include areas of potential corporate frauds not currently investigated, should be undertaken.

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: Chris Leslie, Financial Services Manager

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8.1 The financial implications are set out in the report.

Legal Implications

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8.2 None

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 – Fraud Statistics

Appendix B – Protecting the Public Purse Fraud Briefing 2014

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