

29 June 2015

Audit, Scrutiny & Transformation 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 January 2015 through to May 2015. 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.
- 1.2 174 referrals of potential fraud were reported between January 2015 and May 2015. With the exception of 2 potential housing tenancy frauds, 172 of the referrals were for suspected Housing Benefit (HB) and/or Local Council Tax Support (LCTS) fraud.
- 1.3 25 cases were successfully investigated during this period, all for benefit fraud. The Fraud Investigation team applied sanctions to all 25 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 1st January 2015 to 31st May 2015 as well as the number of those referrals that were opened for investigation.

Description	Jan15/May 15
Number of HB/LCTS referrals received	172
Number of Housing Tenancy referrals received	2
Total number of referrals received	174
Number of cases closed during the period	112
Number of referrals opened for investigation	149
Number of opened investigations referred by the DWP data matching exercise	73
Number of opened investigations referred by an internal source e.g. staff/members	40
Number of opened investigations referred by an external source e.g. the public	36

- 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 January 2015 to 31st May 2015.

Description	Jan15/May15
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Number of HB/CTB sanctions applied during the period	25
Number of Housing Tenancy sanctions applied during the period	0
Total number of sanctions applied during the period	25

- 3.9 There are three types of sanction that the Fraud Investigation team can impose on the claimant.
- Local Authority Caution
 - Administrative Penalty
 - 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 January 2015 to 31st May 2015 and the amount of benefit identified which the claimants had fraudulently claimed.

No.	Description	Amount
50025203	A Local Authority Formal 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 6 th January 2014 to 3 rd August 2014 to which she was not entitled.	£1,209.14
50026531	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 a change in his income. The claimant was overpaid Housing Benefit for the period 6 th May 2013 to 7 th	£2,896.96

	December 2014 to which he was not entitled.	
50026740	An Administrative Penalty of £3,452.38 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 22 nd April 2013 to 12 th January 2014 to which she was not entitled.	£5,813.64
50025271	This case was successfully prosecuted in Court under Section 112 (1A) of the Social Security Administration Act after the claimant's failure to declare his employment. The claimant has been overpaid Housing Benefit for the period 1 st April 2011 to 27 th April 2014. He was sentenced to a Community Work Order.	£19,514.37
50024223	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 a change in his income. The claimant was overpaid Housing Benefit for the period 31 st March 2014 to 16 th November 2014 to which he was not entitled.	£789.39
50026371	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 7 th April 2014 to 9 th November 2014 to which she was not entitled.	£1,059.29
50026388	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 a change in her income. The claimant was overpaid £2,700.46 Housing Benefit for the period 1 st April 2013 to 17 th August 2014 to which she was not entitled.	£2,700.46
50023791	An Administrative Penalty of £1,146.12 was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare her inheritance. The claimant was overpaid £2,169.09 Housing Benefit for the period 14 th July 2014 to 28 th September 2014 to which she was not entitled.	£2,169.09
50025968	This case was successfully prosecuted in Court under Section 112 (1A) of the Social Security Administration Act after the claimant's failure to declare an increase in his income. The claimant has been overpaid Housing Benefit for the period 3 rd December 2012 to 14 th September 2014. He was sentenced to a 3 month	£6,446.25

	community order of a curfew and ordered to pay a £60 victim surcharge	
C34077162	An Administrative Penalty of £666.36 was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare changes to her non dependant's income. The claimant was overpaid Housing Benefit for the period 23 rd April 2012 to 20 th July 2014 to which she was not entitled.	£1,733.93
50024310	An Administrative Penalty of £1,539.19 was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare changes to her income. The claimant was overpaid Housing Benefit for the period 22 nd October 2012 to 14 th September 2014 to which she was not entitled.	£4,101.23
50020453	An Administrative Penalty of £484.18 was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare changes to her income. The claimant was overpaid Housing Benefit for the period 7 th April 2014 to 8 th December 2014 to which she was not entitled.	£968.36
50027276	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 a change in her income. The claimant was overpaid Housing Benefit for the period 1 st April 2013 to 18 th January 2015 to which she was not entitled.	£1,872.88
50024311	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 2 nd December 2013 to 12 th October 2014 to which she was not entitled.	£1,904.82
50025103	A Local Authority Administrative Penalty of £1,337.36 was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare her employment. The claimant was overpaid Housing Benefit for the period 3 rd March 2014 to 5 th October 2014 to which she was not entitled. She accepted the Administrative Penalty.	£2,674.72
50027757	A Local Authority Administrative Penalty of £1,277.28 was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare his change of	£2,554.56

	address. The claimant was overpaid Housing Benefit for the period 12 th May 2014 to 31 st August 2014 to which he was not entitled. He accepted the Administrative Penalty	
50018576	This case was successfully prosecuted in Court under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare a change in her income. The claimant was overpaid Housing Benefit for the period 8 th July 2013 to 27 th April 2014 to which she was not entitled. The claimant did not attend Court and was found Guilty in her absence. A warrant has been issued for her arrest so that she can be brought before the court for sentencing.	£3,659.47
50021054	A Local Authority Formal 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 partner's employment and income. The claimant was overpaid Housing Benefit for the period 28 th April 2014 to 7 th December 2014 to which she was not entitled. She accepted the Formal Caution	£2,345.57
50020913	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 18 th March 2013 to 8 th March 2015 to which she was not entitled.	£1,886.58
50027729	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 7 th April 2014 to 5 th April 2015 to which she was not entitled.	£2,348.93
50025237	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 7 th July 2014 to 8 th March 2015 to which she was not entitled. She accepted the caution.	£1,113.47
50020588	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	£4,172.98

	Benefit for the period 1 st April 2013 to 13 th October 2014 to which she was not entitled. She accepted the caution.	
50028227	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 his income. The claimant was overpaid Housing Benefit for the period 29 th September 2014 to 1 st February 2015 to which he was not entitled. He accepted the caution.	£1,129.86
50026565	This case was successfully prosecuted in Court under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare his employment. The claimant was overpaid Housing Benefit for the period 7 th May 2012 to 9 th November 2014 to which he was not entitled. He pleaded 'Guilty' to the offence and was sentenced to pay a £500.00 fine and ordered to pay costs of £200.00 and a £50.00 victim surcharge.	£10,801.26
50028033	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 ownership of a property. The claimant was overpaid Housing Benefit for the period 5 th May 2014 to 26 th October 2014 to which she was not entitled	£3,726.62
	Total amount of benefit fraudulently claimed and identified during the period 1 st January 2015 to 31 st May 2015.	£89,593.83

4. Single Fraud Investigation Service (SFIS)

- 4.1 The formation of a Single Fraud Investigation Service (SFIS), covering all welfare benefit fraud (including Housing Benefit) was announced in the Autumn Statement by the Chancellor of the Exchequer on 5 December 2013.
- 4.2 This announcement confirmed that SFIS will be launched solely within DWP as a single organisation and will operate to a single set of policies and procedures and will provide a nationally flexible service to tackle all welfare benefit fraud currently undertaken by DWP, local authorities and HMRC.
- 4.3 The roll out schedule of SFIS includes the transfer of Brentwood Borough Council's fraud investigation team from 1st September 2015.
- 4.4 Staff will be transferred on similar terms and conditions and will be undertaking a wider range of fraud investigation duties including potential tax credit fraud.

- 4.5 Although the responsibility for Housing Benefit fraud investigation will transfer to DWP responsibility for protecting the Council Tax base remains with the Council and therefore a new compliance team has been created.
- 4.6 The role of the Compliance Officers will include targeted and regular reviews of discounts, exemptions and reliefs, using a variety of software tools, to ensure that only residents with legitimate entitlement will continue to receive+ them.

5. Corporate Fraud

- 5.1 At a previous meeting of this Committee, Members were made aware of an Audit Commission report entitled 'Protecting the Public Purse' that included details of each local authority's annual fraud detection activities and how this compared to the performance of similar authorities.
- 5.2 The report indicated that performance for this authority compared very favourably in the detection of benefit fraud compared to our neighbours across the County but that there are a number of other corporate frauds where the authority has not detected any cases which does not compare favourably with the rest of the County. This is because we do not currently investigate any other corporate frauds.
- 5.3 Officers subsequently commissioned our Internal Audit providers BDO to conduct a fraud risk assessment to identify potential areas of risk within key services and if necessary to develop strategies to mitigate these risks.
- 5.4 A draft report with recommendations has been received and officers are now studying the report to agree further actions.

6. Reasons for Recommendation

- 6.1 Not applicable

7. Consultation

- 7.1 None

8. References to Corporate Plan

- 8.1 None

9. Implications

Financial Implications

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- 9.1 The financial implications are set out in the report

Legal Implications**Name & Title:** Chris Potter, Monitoring Officer**Tel & Email:** 01277 312 860 christopher.potter@brentwood.gov.uk

9.2 None

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

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

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