



GA.18 12/13

Governance and Audit

20 September 2012

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Subject: Summary of Benefit Fraud 2011/2012

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Purpose / Summary:	To review the number, type and results of fraud investigations made to the Council during 2011/2012

RECOMMENDATIONS:

That Members note the 2011/2012 results and where appropriate suggest corrective action

IMPLICATIONS

Legal: None

Financial : None

Staffing : None

Equality and Diversity including Human Rights : N/A

Risk Assessment : N/A

Climate Related Risks and Opportunities : None

Title and Location of any Background Papers used in the preparation of this report:

Call in and Urgency:

Is the decision one which Rule 14 of the Scrutiny Procedure Rules apply?

Yes

No

Key Decision:

Yes

No

1. Introduction

- 1.1 In March 2008 the Corporate Governance Group agreed to submit an annual report to this Committee on Fraud. This report deals specifically with Benefit Fraud investigated by the Investigation Team

2. Background

- 2.1 The Council has an investigations team of 2 investigators whom work within Revenues and Benefits. All of the investigations which they carried out during 2011/2012 related to Housing and Council Tax Benefit. Referrals for investigations came from various sources including the Department of Work and Pensions, staff and members of the public.

3. Analysis of Investigations 2011/2012

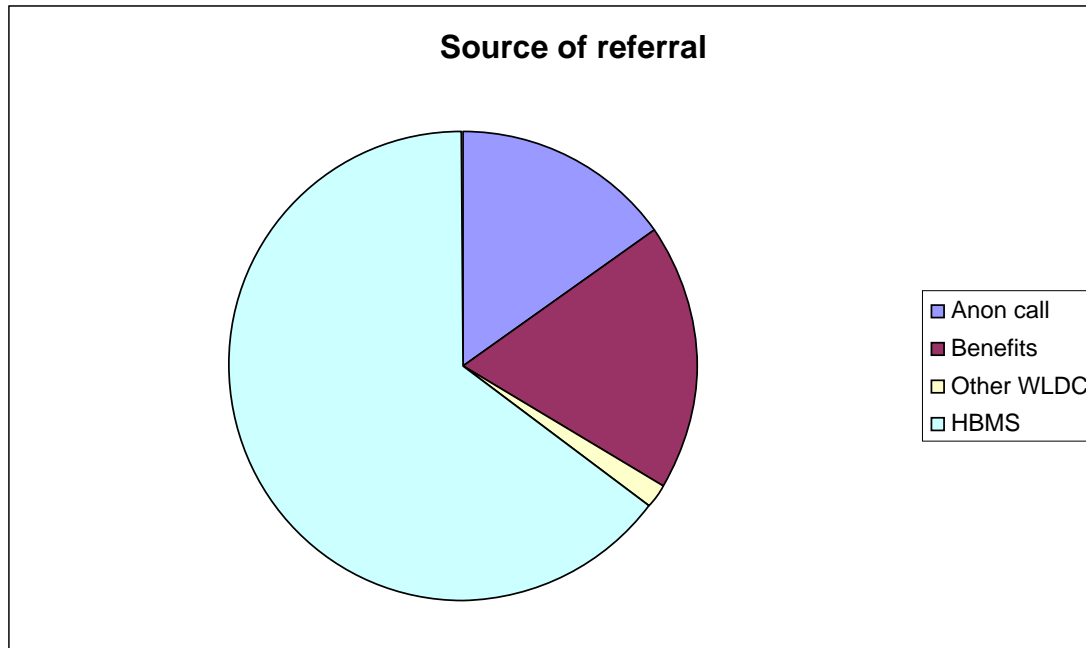
- 3.1 During 2011/2012 the investigations team received 691 referrals to consider investigating for fraud. The table below shows the number of referrals and the outcomes following investigation.

Table 1

	Number	Percentage of referrals
Referrals received	691	
Investigations carried out	364	53%
Fraud Proven	188	27%
Cautions carried out	53	13%
Administrative Penalty carried out	1	0.001%
Prosecutions	20	3.8%

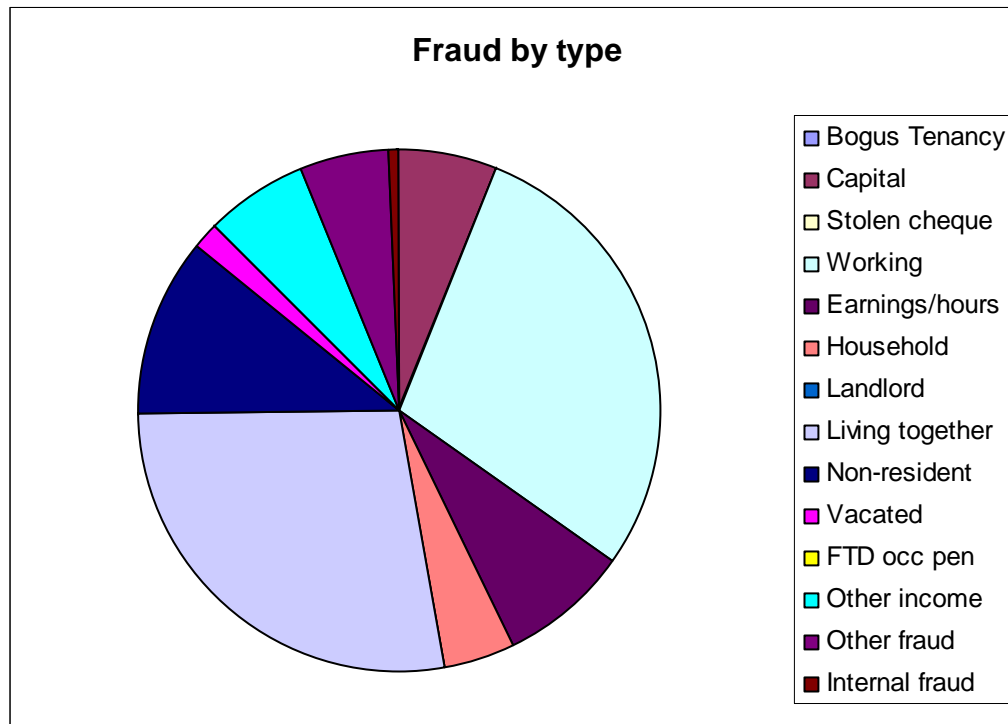
- 3.2 An assessment is made against each referral to establish whether there is a need to carry out an investigation. No investigation would take place where the allegation was too vague or where the information provided has already been declared
- 3.3 The table shows that 27% of the referrals received resulted in fraud being proven, this represents an increase of 5% from 2010/2011. Analysis of these results allows for the assessment of the referrals to be refined so that the cases with the most likelihood of success are investigated. For 2007/2008 there was a Best Value Performance Indicator for sanctions administered to benefit Fraudsters. This is no longer a national indicator but it has been retained as a local indicator. West Lindsey's performance is the best of the Lincolnshire Districts with whom we benchmark.

3.4 The graph below shows the source of referrals received by the fraud team during 2011/2012. The 2 main sources are the Housing Benefit Matching Service (HBMS) (400) and the Benefits Team (114). However we also received 123 anonymous allegations from members of the public.



3.5 Fraud awareness is really important to the team. Press releases are produced for all successful prosecution cases to keep the service in the public eye. Internally the Investigation team are represented in the Corporate Enforcement group and this year will be giving regular fraud awareness presentations at team meetings.

- 3.6 The graph below shows details of the different types of fraud that have been investigated. There is a wide variation of fraud types however there is a trend towards failing to declare changes in income be that Earnings, Benefits or Pensions. The most significant change in 2011/2012 is a significant increase in claims where single parents fail to declare partners living with them. This also affects their entitlement to income support and the level of overpayment is therefore increased.



- 3.7 The above table shows that a high proportion of frauds proven are as a result of undeclared partners or additional household members. The team have now got direct access to a credit referencing service which will speed up investigations of this type.

4. Conclusion

- 4.1 The investigation team have continued to concentrate on more serious fraud by using a risk scoring mechanism. This has enabled the team to increase the number of high value overpayments. The value of overpayments attributed to fraud in 2011/2012 was £173,827. Every possible effort is made to recover this debt. In the most serious cases fraudsters are prosecuted at the Magistrates Court. Between 1st April 2011 and 31st March 2011 20 fraudsters were prosecuted. The priority target for this financial year is to improve the recovery rate for overpayments attributed to fraud.