



Report No GA.21 11/12

Governance and Audit

Date: 29th September 2011

Subject: Summary of Benefit Fraud 2010/2011

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Purpose / Summary:	To review the number, type and results of fraud investigations made to the Council during 2010/2011

RECOMMENDATIONS:

That Members note the 2010/2011 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 2009/2010 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 2010/2011

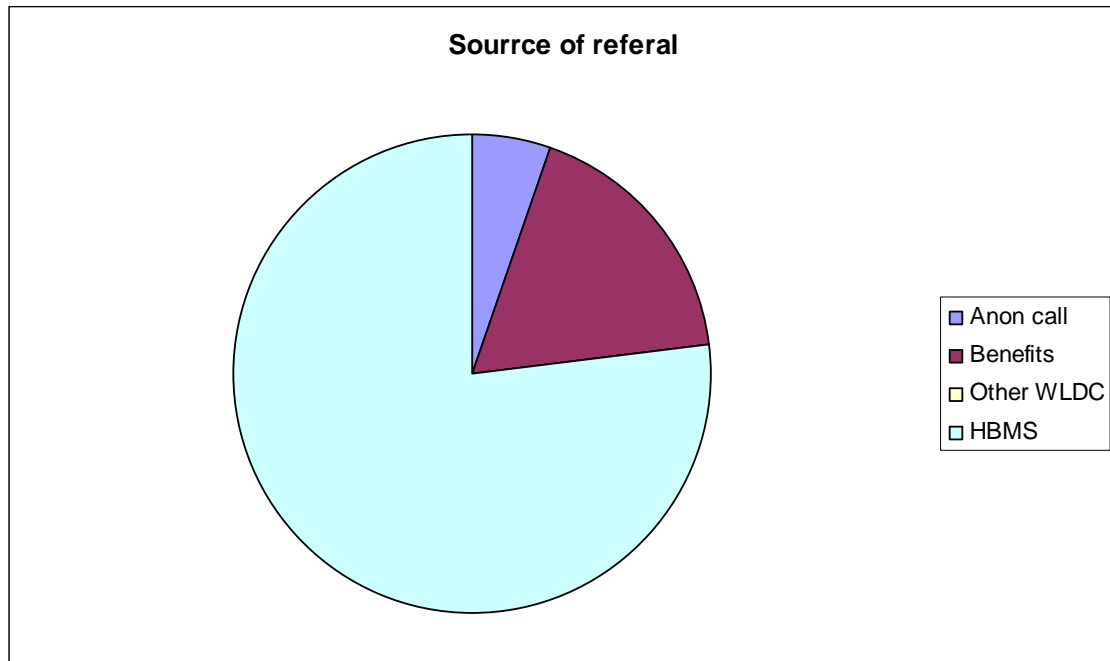
- 3.1 During 2010/2011 the investigations team received 742 referrals to consider investigating for fraud. The table below shows the number of referrals and the outcomes following investigation.

Table 1

	Number	Percentage of referrals
Referrals received	742	
Investigations carried out	528	71%
Fraud Proven	117	22%
Cautions carried out	77	15%
Administrative Penalty carried out	1	0.001%
Prosecutions	20	4%

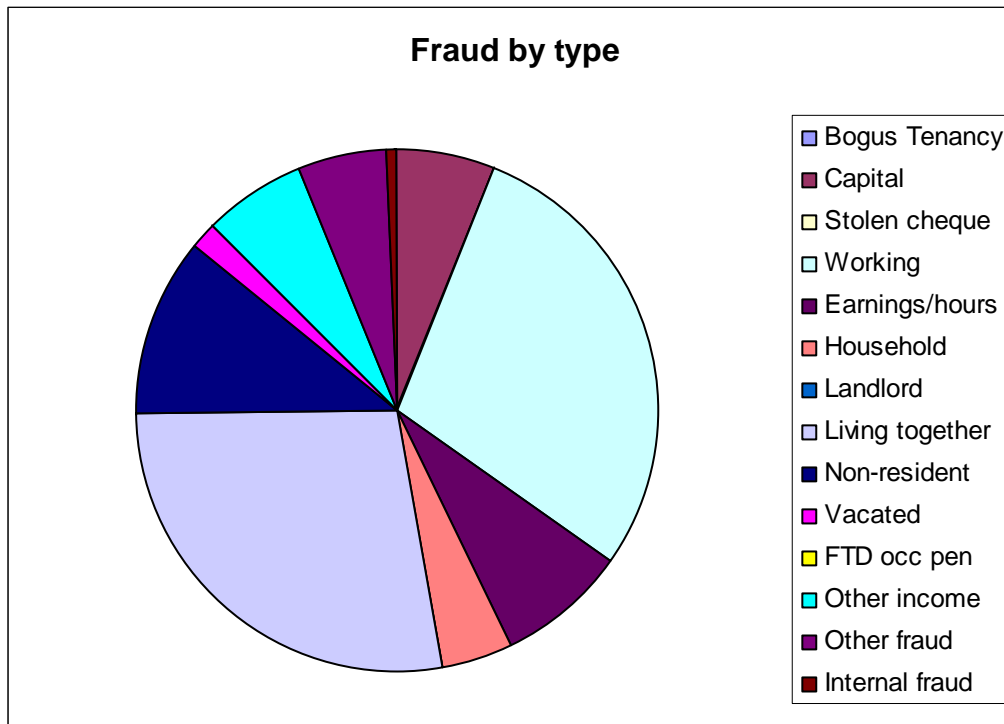
- 3.2 An assessment is made against each referral to establish whether there is a need to carry out an investigation. No investigation would take place where the allegation was too vague or where the information provided has already been declared
- 3.3 The table shows that 22% of the referrals received resulted in fraud being proven, this represents an increase of 2% from 2009/2010. 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 2010/2011. The 2 main sources are the Housing Benefit Matching Service (HBMS) (544) and the Benefits Team (126). However we also received 37 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 in the public eye. Internally the Investigation team are represented in the Corporate Enforcement group and give regular fraud awareness presentations at induction training

- 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 2010/2011 is doubling of the number of cases involving undeclared earnings. This may be as a result of the economic situation and the number of low paid or part time jobs in the area.



- 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 successful prosecutions carried out by 25%. The value of overpayments attributed to fraud in 2010/2011 was £175,500. Every possible effort is made to recover this debt. In the most serious cases fraudsters are prosecuted at the Magistrates Court. Between 1st April 2010 and 31st March 2011 20 fraudsters were prosecuted.