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Governance and Audit

Date: 28 July 2015

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Subject: Summary of Benefit Fraud 2014/2015

Report by:

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Contact Officer:

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Purpose / Summary:

To review the number, type and results of fraud investigations made to the Council during 2014/2015

RECOMMENDATIONS:

That Members note the 2014/2015 results and support the work plan going forward to include corporate fraud.

IMPLICATIONS

Legal: None

Financial : fin / 49 / 16 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

The purpose of this report is to:

- Review the delivery of our Counter Fraud work during 2014/2015
- Provide information on the overall effectiveness of the Authority's arrangements to counter fraud and corruption

2. Background

- 2.1 For the past 3 years the Department of Works and Pensions have been working towards the introduction of the Single Fraud Investigation Service. This service came to fruition this year and West Lindsey DC transferred their open investigation cases to them on 31st October 2014. As you will see from the referrals and investigations analysis in section 3 of this report, the number of investigations has reduced. This has been due to the fact that a considerable amount of joint working took place with the Department for Works and Pensions. The Department for Works and Pensions investigators were issued with new instructions to only follow up any investigations which would produce sufficiently large overpayments to take forward to prosecution, they also ceased issuing formal cautions.
- 2.2 Central government demonstrated their commitment to reducing fraud in the public sector by making funds available for Local Authorities to continue in their work to reduce fraud and error in benefit and non-benefit related areas. A review of Housing Benefit cases where no changes have been received has begun and a small amount of funding (£10,400) to find and process the changes has been awarded by the Department for Works and Pensions.
- 2.3 In line with the Housing Benefit case reviews West Lindsey District Council, in conjunction with the City of Lincoln Council and North Kesteven District Council have made a successful bid to the Lincolnshire Counter Fraud Partnership for funding to reduce fraud and error in the Local Council Tax Support scheme. A penalty of £70 can be applied to cases where information has been withheld by the claimant that has resulted in an overpayment of Council Tax Support.
- 2.4 Going forward our work will also include corporate issues in line with the, now disbanded, Audit Commission's advice to acknowledge that fraud takes place, to take measures to prevent those frauds taking place and to actively pursue fraudulent activity within this Local Authority. To this end the Whistleblowing policy and Anti-Money Laundering policy have both been reviewed.

3. Analysis of Investigations 2014/2015

3.1 During 2014/2015 the investigations team received 376 new potential fraud referrals for consideration. The table below shows the number of referrals and the outcomes following investigation.

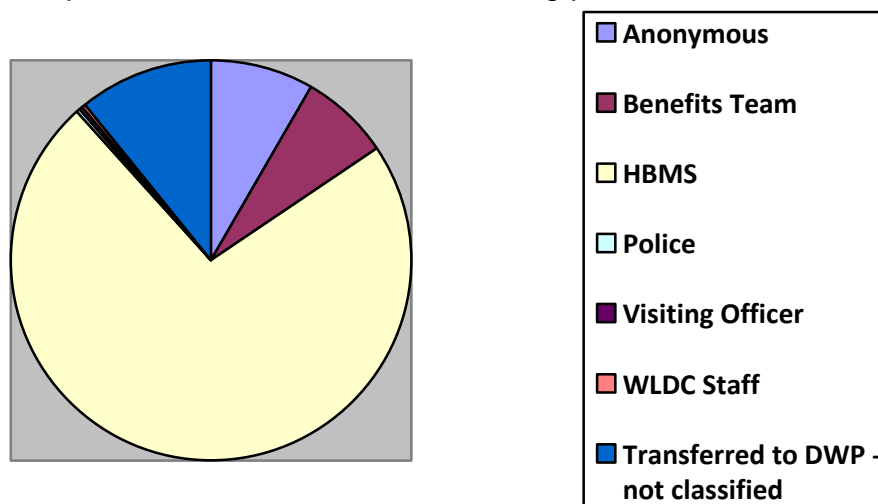
Table 1

	Number	Percentage of referrals
Referrals received	376	
Investigations carried out	136	
Fraud Proven	7	5%
Cautions carried out	0	
Administrative Penalty carried out	0	
Prosecutions	7 (including joint-prosecution with the DWP)	

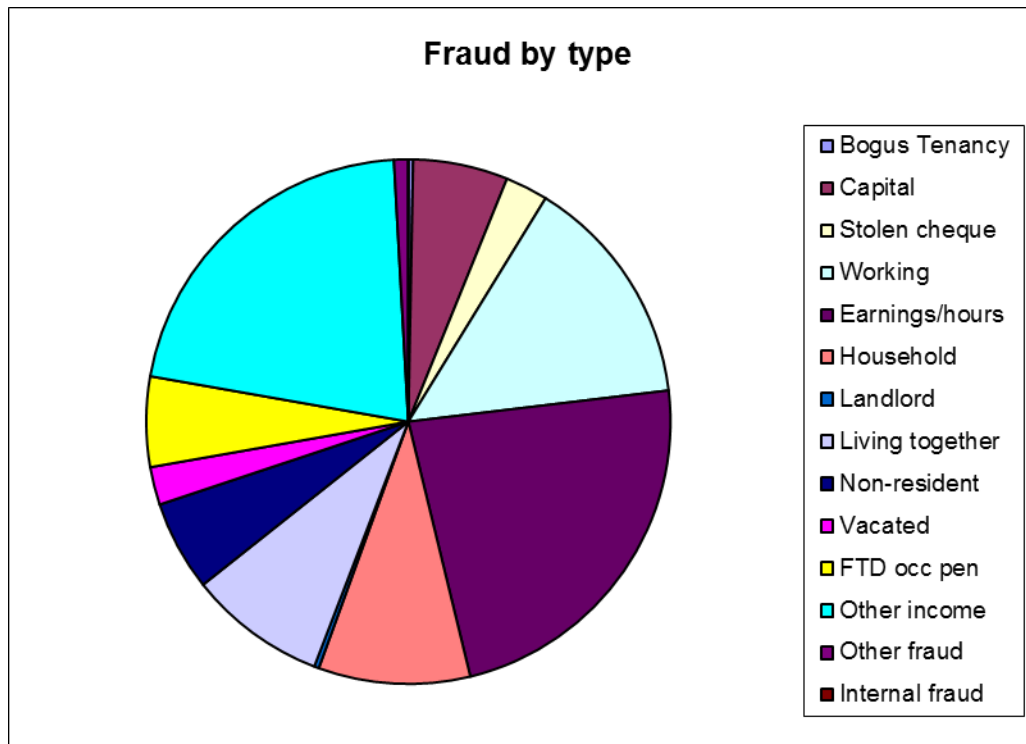
3.2 An assessment was made against each referral to establish whether there was a need to carry out an investigation. Where the allegation was too vague or where the information provided had already been declared no investigation took place.

3.3 The table shows that 5% of the referrals received resulted in fraud being proven. Analysis of these results allows for the assessment of the referrals to be refined so that the cases with the most likelihood of success were investigated.

3.4 The graph below shows the source of referrals received by the fraud team during 2014/2015. The main sources are the Housing Benefit Matching Service (HBMS) (273) and the Benefits Team (28) and anonymous telephone calls and letters (31), there was also one referral made by a Visiting Officer, one from another non-benefits West Lindsey staff member, one from Lincolnshire Police and the remaining 41 were received after the transfer of the fraud function to the DWP and were passed to them under new working procedures.



3.5 The graph below shows details of the different types of fraud that have been investigated. There is a wide variation of fraud types however because, in accordance with legislation, benefit is no longer periodically reviewed, this year, the most significant change has been in claimants failing to update their changes in income, be that Earnings, Benefits or Pensions.



4. Conclusion

The investigation team have continued to concentrate on more serious fraud by using a risk scoring mechanism. The value of overpayments attributed to fraud in 2014/2015 was £117,696 and every possible effort is made to recover this debt.

The number of sanctions applied has decreased as has the value of the overpayments attributed to fraud; however this was impacted by the transfer of investigations on 1st November to the DWP. This is due to further policy changes at the Department for Works and Pensions who no longer investigate cases where the overpayment of benefit is likely to be less than £2,000. This has impacted on the number of joint investigations undertaken which would lead to a sanction.

In the most serious cases prosecutions are pursued via the Magistrates Court and between 1st April 2014 and 31st October 2014, 7 fraudsters were prosecuted.

2015-16 Timeline

April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Contract Fraud Investigation	Corporate Investigations	Local Council Tax Support Reviews	Local Council Tax Support Reviews	Local Council Tax Support Reviews	Local Council Tax Support Reviews	Local Council Tax Support Reviews	LCTS Penalties	LCTS Penalties	LCTS Prosecutions		
Housing Benefit reviews	Housing Benefit reviews	Housing Benefit reviews	Housing Benefit reviews	Housing Benefit reviews	Housing Benefit reviews	Housing Benefit reviews	Housing Benefit reviews	Housing Benefit reviews	Housing Benefit reviews	Housing Benefit reviews	Housing Benefit reviews
						External Work-commercial	External Work-Commercial	External Work	External Work	External Work	External Work
Housing Benefit Matching service	Housing Benefit Matching service	Housing Benefit Matching service	Housing Benefit Matching service	Housing Benefit Matching service	Housing Benefit Matching service	Housing Benefit Matching service	Housing Benefit Matching service	Housing Benefit Matching service	Housing Benefit Matching service	Housing Benefit Matching service	Housing Benefit Matching service
			Single Person Discount Reviews	Single Person Discount Reviews	Single Person Discount Reviews	Single Person Discount Reviews					