



## Scrutiny Committee – 24 September 2012

### Countering Benefit Fraud – Quarterly Report

#### Purpose of report

To report on the work of the Counter Fraud Section for the period to 30 June 2012.

#### Attachment(s)

None

#### 1.0 Introduction

1.1 The purpose of this report is to acquaint Members with the current activities and progress made in countering benefit fraud and recovering over-claimed benefits.

1.2 The report is in line with Government guidance on best practice and is designed to raise Members' awareness and create corporate ownership of the fight against fraud.

#### 2.0 Recovery of Overclaimed Benefits

2.1 We seek to recover benefit which has been overclaimed due to claimant error or fraud using our firm but fair policy. The current economic climate continues to affect our ability to recover these debts. The tables below identify both our current collections and the number of actions taken during the quarter.

Overclaimed Benefit	2012/2013	2011/2012	2010/2011
	% collected	% collected	% collected
As at 30 June 2012	25.06	23.97	39.70

The Government recommends that 70% of the overclaimed Housing Benefit should be recovered within three years of the debt being raised. We have currently recovered 80.04%. Of the overall debt raised from 2000, 83.88% has been recovered.

We continue to see an increase in the number of over claimed benefits to be recovered. In order to generate payments, we undertook additional work.

Action taken	2012/13	2011/12	2010/11
Accounts raised	582	590	495
Reminders issued	146	191	208
7 day letters sent	45	56	56
Solicitor's letters	460	296	282
County Court Summons	6	2	4

2.2 The balance outstanding at 30 June 2012 was £1,019,751

2.3 We continue to monitor old debts; where all recovery processes have been exhausted the debt will be written off.

Written Off	2012/13	2011/12	2010/11
As at 30 June	£793	£13,027	£12,518

### 3.0 Financial Incentives

- 3.1 Benefits overpaid as a result of claimant error or attempted fraud are recoverable. The government only reimburses the Council 40% of the benefit overclaimed. We always seek to recover the full benefit overpayment from the claimant. If we recover in excess of 60% of the overpayment, we generate income towards the costs involved in countering benefit fraud. The table below shows how much income we have generated by recovering overpayments.

<b>Income Generated</b>	
Total for this financial year	= £ 78,291
Total so far	= £887,866

- 3.2 Finally, where we impose an administrative penalty as a sanction against a fraudulent claim (see item 4), we generate further income for the authority.

<b>Administrative Penalties imposed</b>	
Debts raised	£22,760
Income generated	£11,770

### 4.0 Sanctions

- 4.1 A major part of our work is to investigate fraudulent claims. Having identified an incorrect claim, we must investigate to see if there is evidence that the claimant is seeking to defraud us. If we establish 'intent' to defraud, we will impose the appropriate sanction. Sanctions can be prosecutions, administrative penalties or cautions.

Cautions and administrative penalties are offered for smaller benefit frauds, with criminal prosecution pursued in more serious cases.

- 4.2 I am pleased to report that during the period, a number of our cases have been brought to a satisfactory conclusion.

<b>Counter Fraud Activity</b>	<b>2012/13</b>	<b>2011/12</b>	<b>2010/11</b>
Referrals (a suspected fraud made)	325	203	100
Investigative visits made	145	158	164
Interviews Under Caution	24	31	20
Surveillance	0	1	0
Cases completed following investigation (including cases raised in the previous year)	191	140	135

- 4.3 Our activities send a clear message to all who attempt to defraud us.

<b>Sanctions</b>	<b>2012/13</b>	<b>2011/12</b>	<b>2010/11</b>
Prosecutions (proved)	8	7	4
Prosecutions (pending)	6	n/a	n/a
Cautions administered	7	3	6
Cautions (pending)	0	n/a	n/a
Administrative penalties imposed	10	6	3
Administrative penalties (pending)	3	n/a	n/a

### 5.0 Single Fraud Investigation Service (SFIS)

- 5.1 The Department for Work and Pensions is still consulting with Local Authorities regarding the implementation of a Single Fraud Investigation Service from April 2013.

5.2 At present there is a lack of detail regarding the design, development and delivery; however, further communication is expected in December 2012.

## 6.0 Publicity

6.1 We continue to publicise our counter fraud work and encourage the public to help beat benefit fraud.

6.2 Newspaper publicity continues to generate fraud referrals. Our fraud hotline (01832 742017) received 16 calls up to 30 June 2012, of which 14 led to investigations.

## 7.0 Recommendation

7.1 It is recommended that this report be received and noted.

<b>Legal</b>	Power: Social Security Fraud Act 1997				
	Other considerations: None				
<b>Background Papers:</b>	None				
<b>Person Originating Report:</b>	Jacqui Pell Senior Benefit Officer Tel 01832 742012 E-mail: jpell@east-northamptonshire.gov.uk				
<b>Date:</b>	1 August 2012				
<b>CFO</b>		<b>MO</b>		<b>CX</b>	