



Scrutiny Committee – 02 April 2014

Countering Benefit Fraud

Purpose of report

Report of the work of the Counter Fraud Section for the period to 31 December 2013.

Attachment(s)

None

1.0 Background

- 1.1 The purpose of this report is to acquaint Members with the current activities and progress made in countering benefit fraud and the recovery of 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.
- 2.2 The Welfare Reform Act 2012 supported by the Social Security (Overpayments and Recovery) Regulations 2013 introduced Direct Earnings Attachments (DEAs) from April 2013. Following a successful pilot by the Department for Work and Pension, Local Authorities can now approach employers and request that a deduction is made from an employees wage to recover overpaid Housing Benefit. Previously the Local Authority had to approach the County Court to request an Attachment of Earnings. We have added this practice to our procedures and will monitor the effectiveness.
- 2.3 The tables below identify both our current collections and the number of actions taken during the quarter.

Overclaimed Benefit	2013/14	2012/13	2011/12
	% collected	% collected	% collected
As at 31 December 13	38.23	41.23	41.71

- 2.4 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 87.61%. Of the overall debt raised from 2000, 81.84% has been recovered.
- 2.5 We continue to see an increase in the number of actions taken.

Action taken	2013/14	2012/13	2011/12
Accounts raised	1,442	1,592	1,578
Reminders issued	671	589	682
7 day letters sent	240	196	190
Solicitor's letters	2,196	1,057	781
County Court Summonses	7	10	9

The number of solicitor letters sent is high as the overpayment section has been chasing up old debts.

2.6 The balance outstanding at 31 December 2013 was £1,112,062.

By financial year	Balance Outstanding
2013/14	£364,509
2012/13	£312,883
2011/12	£ 61,905
2010/11	£ 98,852
2009/10	£ 71,826
2008/09	£ 57,006
2007/08	£ 21,353
2006/07	£ 19,540
2005/06	£ 34,239
2004/05	£ 16,442
Prior to 2003	£ 53,507

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

Written Off	2013/14	2012/13	2011/12
As 31 Dec 13	£7,322	£15,971	£21,211

3.0 Sanctions

3.1 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.

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

Counter Fraud Activity	2013/14	2012/13	2011/12
Referrals from Housing Benefit Matching Service	105	411	283
Other Referrals received	436	386	300
Investigative visits made	398	392	377
Interviews Under Caution	75	79	93
Surveillance	0	0	1
Cases completed following investigation (including cases raised in the previous year)	398	467	394

The Department for Works and Pensions are experiencing technical problems; therefore, the number of Housing Benefit Matches received has been drastically reduced.

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

Sanctions	2013/14	2012/13	2011/12
Prosecutions (proved)	9	11	15
Prosecutions (pending)	21	14	15
Cautions administered	10	10	11
Cautions (pending)	1	0	0
Administrative penalties imposed	21	16	22
Administrative penalties (pending)	2	1	5

3.4 Where we impose an administrative penalty as a sanction against a fraudulent claim, we generate income for the authority.

Administrative Penalties imposed	£
Debts raised	44,505
Income generated	22,751

4.0 Single Fraud Investigation Service (SFIS)

4.1 National roll out of a Single Fraud Investigation Service (SFIS) will take place in June 2014 commencing with the pilot sites. There will then be a break to evaluate and learn lessons from the transfer process prior to full national implementation. This will commence in October 2014 and run for a further 18 months to March 2016.

4.2 Each Local Authority will be allocated to a month in the national implementation schedule. A copy of the schedule will be issued shortly.

4.3 The Department for Works and Pensions have decided that TUPE will not apply; however, the transfer will be by way of a Legislative Transfer Scheme as provided for by Section 38 of the Employment Relations Act 1999. All employees in scope will transfer and Section 38 will provide protection of existing terms and conditions of employment.

5.0 Publicity

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

5.2 Newspaper publicity continues to generate fraud referrals. Our fraud hotline (01832 742017) received 45 calls up to 31 December 2013 of which 16 led to investigations.

6.0 Equality and Diversity Implications

6.1 There are no equality and diversity implications arising from this report.

7.0 Legal Implications

7.1 There are no legal implications arising from this report.

8.0 Risk Management

8.1 There are no significant risks arising from the information provided in this report.

9.0 Financial Implications

9.1 There are no financial implications at this stage.

10.0 Recommendations

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

Legal	Power Social Security Fraud Act 1997
	Other considerations: None
Background Papers: None	
Person Originating Report:	Jacqui Pell Senior Benefit Officer tel 01832 742012 jpell@east-northamptonshire.gov.uk
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CFO	MO
	CX

