



Audit and Risk Management Committee - 29 June 2010

Countering Benefit Fraud - Quarterly Report

Summary

Report of the work of the Counter Fraud Section for the period to 31 March 2010.

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.
- 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 fair but firm 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	2009-10	2008-09	2007-08
	% collected	% collected	% collected
As at 31 Mar 2010	52.24	65.87	76.14
	2008-09	2007-08	2006-07
As at 31 Mar 2009	45.99	70.30	75.69

Last year, we saw a substantial increase in the number of overclaimed benefits to be recovered. In order to generate payments, we undertook additional work.

Action taken	2009-10	2008-09	2007-08
Accounts raised	1,785	1,175	1,096
Reminders issued	921	385	681
7 day letters sent	240	269	395
Solicitor's letters	1,116	156	294
County Court Summonses	34	16	10

- 2.2 The balance outstanding at 31 March 2010 was £708,985
- 2.3 We continue to monitor old debts; where all recovery processes have been exhausted the debt will be written off.

Written Off	2009-10	2008-09	2007-08
As at 31 March	£3,536	£4,745	£9,558

2.4 For the period 2000 to 2009 the total debit raised amounts to £3,007,017; of this 3.22% has had to be written off.

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.

Income Generated	
Total for this financial year	= £ 114,482
Grand Total (last 6 years)	= £ 542,027

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.

Administrative Penalties imposed	
Debts raised	£13,873
Income generated	£ 6,068

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.

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

Counter Fraud Activity	2009-10	2008-09	2007-08
Referrals (a suspected fraud made)	574	521	450
Referrals not to be pursued	95	66	64
Closed at risk assessment stage	175	62	30
Investigative visits made	688	429	803
Interviews under caution	140	50	50
Surveillance	2	1	0
Cases completed following investigation (including cases raised in the previous year)	610	323	548

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

Sanctions	2009-10	2008-09	2007-08
Prosecutions (proved)	4	1	2
Prosecutions (pending)	8	3	2
Cautions administered	28	15	17
Cautions (pending)	1	4	2
Administrative penalties imposed	11	3	4
Administrative penalties (pending)	2	2	3

4.4 Since 2008, we have seen an increase in the number of suspected frauds. However, we have seen a substantial increase in the number of frauds detected and sanctions imposed.

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 135 calls up to 31 March 2010 of which 40 led to investigations.

6.0 Recommendation

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

Implications:	
Corporate Outcomes or Other Policy/Priority/Strategy	
Good Quality of Life	<input checked="" type="checkbox"/> Good Reputation <input checked="" type="checkbox"/>
Good Value for Money	<input checked="" type="checkbox"/> High Quality Service Delivery <input checked="" type="checkbox"/>
Effective Partnership Working	<input type="checkbox"/> Strong Community Leadership <input type="checkbox"/>
Effective Management	<input checked="" type="checkbox"/> Knowledge of our Customers and Communities <input checked="" type="checkbox"/>
Employees and Members with the Right Knowledge, Skills and Behaviours	<input checked="" type="checkbox"/>
Other:	
Decision(s) would be outside the budget or policy framework and require full Council approval <input type="checkbox"/>	
Financial	There are no financial implications at this stage <input checked="" type="checkbox"/>
	There will be financial implications – see paragraph <input type="checkbox"/>
	There is provision within existing budget <input type="checkbox"/>
	Decisions may give rise to additional expenditure at a later date <input type="checkbox"/>
	Decisions may have potential for income generation <input type="checkbox"/>
Risk Management	An assessment has been carried out and there are no material risks <input type="checkbox"/>
	Material risks exist and these are recorded at Risk Register Reference – Benefits 22 & 24 inherent risk score - Primary <input checked="" type="checkbox"/> residual risk score - Contingency
Staff	There are no additional staffing implications <input checked="" type="checkbox"/>
	Additional staff will be required – see paragraph <input type="checkbox"/>
Equalities and Human Rights	There will be no impact on equality (race, age, gender, disability, religion/belief, sexual orientation) or human rights implications <input checked="" type="checkbox"/>
	There will be an impact on equality (see categories above) or human rights implications – see paragraph <input type="checkbox"/>
Legal	Power: Social Security Fraud Act 1997
	Other considerations: None
Background Papers: None	
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Date: 12 May 2010	
CFO	MO
	CX

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