

AUDIT COMMITTEE

15 APRIL 2008

OUTCOMES OF HOUSING BENEFIT COUNTER FRAUD INVESTIGATIONS

Report from: Internal Audit

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Summary

To inform Members of progress in investigating allegations of housing and council tax benefit fraud during the period January to March 2008.

1. Budget and Policy Framework

1.1 Following the Council's decision to establish this committee, it is within the remit of this committee to take decisions regarding accounts and audit issues.

2. Background

2.1 Medway Council has had a sanction policy since 2002 (revised in 2006) following changes to the way benefit investigations should be conducted. These changes resulted in a more rigorous investigative standard being adopted which lead to specific outcomes, known as sanctions. Namely, that local authorities should consider the use of one of the following courses of action following a successful investigation:-

- Prosecution
- Issue of a caution
- Issue of an administrative penalty (fine).

3. Outcomes of Investigations

3.1 In the current financial year, the investigations team has identified £411,192 of fraudulent overpayments of Housing and Council Tax Benefit. The team also identified £127,003 of fraudulent overpayments of DWP benefits. Since the last report to this committee, there have been 9 successful prosecutions, 7 unsuccessful prosecutions and the issue of 10 cautions and 1 administrative penalty. These sanctions are detailed at Annex A.

3.2 The following table shows the progress of current cases following a decision to prosecute.

As at 31 March 2008	Medway Council's Legal Services			Department of Work and Pensions		
Cases put forward for prosecution	28			15		
Of which						
• court proceedings commenced		24			7	
• preparing court proceedings		4			8	
• awaiting acknowledgement			0		0	

4. Financial and legal implications

4.1 There are no financial or legal implications arising from this report.

5. Recommendations

5.1 Members are asked to note progress in investigating benefit fraud in accordance with the approved sanction policy.

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Background papers

Prosecution Policy (revised 2006)

Prosecutions completed January – mid March 2008							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence and date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
9020	Non disclosure of partner	3,438	Medway Magistrates' Court	120 hours community service & £100 costs 17/12/2007	3,678	2,969	Recovering by weekly reclaim of £11.60
9163	Non disclosure of capital	16,856 (DWP overpayment £18,589)	Maidstone Crown Court	9 months suspended sentence 14/01/08	10,080	9,970	Joint investigation with DWP and prosecuted by them. Payment arrangement of £50 a month
9231	Non disclosure of earnings and partner	6,319	Medway Magistrates' Court	12 months conditional sentence & £80 costs 25/02/08	6,319	6,319	Partner also prosecuted – see 9653 below. Passed to external company for collection
9653	Failed to notify change of circumstances	806	Medway Magistrates' Court	12 months conditional sentence & £80 costs 08/08/08	806	806	Passed to external company for collection

Prosecutions completed January – mid March 2008							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence and date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
9396	Non disclosure of partner	4,562	Medway Magistrates' Court	£100 fine & £100 costs 28/01/08	4,370	4,120	Failed to attend interview under caution Passed to external company for collection. Repaying £50 a week
9534	Non disclosure of partner	2,713	Medway Magistrates' Court	100 hours community service & £80 costs 03/01/08	2,652	2,612	Passed to external company for collection.
9585	Non disclosure of earnings	4,637 (DWP overpayment £1,574)	Medway Magistrates' Court	6 months community punishment order & £100 costs 01/10/07	4,568	4,322	Joint investigation with DWP and prosecuted by them. Repaying at £12 a week.
9648	Non disclosure of benefits	1,223	Medway Magistrates' Court	12 months conditional sentence & £50 costs 29/02/08	2,479	2,437	Also an overpayment of £1,424 from a previous HB claim. Repaying at £12 a week.

Prosecutions completed January – mid March 2008							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence and date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
9689	Non disclosure of partner's earnings	661	Medway Magistrates' Court	Absolute discharge & £150 costs 28/01/08	Nil	Nil	Partner also cautioned. This was reported at a previous committee meeting.

Unsuccessful Prosecutions January – March 2008		
Investigation Case number	Type	Comment
8666 & 9185	Non disclosure of partner	Cases withdrawn. Legal advised that items in the disclosed but unused evidence submission undermined the crown court case.
9385	Production of false tenancy	Defendant in prison for non Housing Benefit offence. Not in public interest to pursue prosecution. Defendant cautioned.
9461	Non disclosure of partner	Case withdrawn. Prosecution of claimant is to occur in 2008/09.
9053	Non disclosure of partner	Defendant died.
9380 & 9861	Non disclosure of partner	Both claimant and alleged partner failed to attend IUCs. The living together element had insufficient evidence to proceed to Crown Court, which left a minor overpayment (<£100), which would not warrant sanction action.

**Cautions, Administrative Penalty Issued
January – March 2008**

Case Number	Fraud Type	Overpayment £	Comment
9108	Non disclosure of earnings	1,456	Administrative penalty issued.
9722	Not resident at property	2,152	Claimant cautioned
9740	Non disclosure of capital	208	Claimant cautioned
9755	Non disclosure of income	2,216	Claimant cautioned
9791	Non disclosure of earnings	292	Claimant cautioned
9803	Non disclosure of partner's earnings	1,690	Claimant cautioned. Partner also cautioned – see 10028
9840	Non disclosure of income	1,141	Claimant cautioned
9862	Non disclosure of earnings	1,611	Claimant cautioned
9890	Non disclosure of non dependants	3,217	Claimant cautioned
9934	Non disclosure of earnings	970	Claimant cautioned
10028	Non disclosure of earnings	Nil	Partner cautioned