

## **AUDIT COMMITTEE**

**25 SEPTEMBER 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 March to mid August 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 Since the last report to this committee, there have been 12 successful prosecutions, 4 unsuccessful prosecutions and the issue 16 of cautions. These sanctions are detailed at Annex A.

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

<b>As at 31 August 2008</b>	<b>Medway Council's Legal Services</b>	<b>Department of Work and Pensions</b>
Cases put forward for prosecution	33	15
Of which		
• court proceedings commenced	27 – see note 1	6
• preparing court proceedings	6 - see note 2	1
• awaiting acknowledgement	0	8
○ of which		
○ waiting for < 1 month		1
○ waiting for 1-2 months		1
○ waiting for 3-4 months		1
○ waiting for 5-6 months		0
○ over 6 months		5

Note 1 - includes 8 cases where no court action has occurred in 2008, but 7 of these have had new summonses issued in August 2008.

Note 2 - includes 1 case where no court action has begun after 8 months. Summons action now taken.

#### **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.

#### **Lead officer contact**

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#### **Background papers**

Prosecution Policy (revised 2006)

**Prosecutions completed  
March – mid August 2008**

<b>Investigation case number</b>	<b>Fraud Type</b>	<b>Fraudulent overpayment £</b>	<b>Court</b>	<b>Court sentence and date</b>	<b>Overpayment o/s as at court sentencing date £</b>	<b>Current Overpayment outstanding £</b>	<b>Comment</b>
9438	Working whilst claiming JSA	5,095	Medway Magistrates' Court	18 months conditional sentence + £100 costs  19/03/2008	5,095	4,585	
9558	Ineligible for IS as no longer caring for children.	77  + £18,840 DWP	Medway Magistrates' Court	12 months conditional sentence + £100 costs  11/03/08	77	Nil	Joint investigation with DWP with Medway taking the lead.  Underlying entitlement to HB existed hence low HB overpayment
9370	False tenancy	27,859	Maidstone Crown Court	80 hours community service + £100 costs  12/03/08	26,785	16,870	Related to landlord who was also prosecuted, see 9545 below. Claimant was ordered to repay £900.00 and has then set up an arrangement for monthly payments of £30.00

**Prosecutions completed  
March – mid August 2008**

<b>Investigation case number</b>	<b>Fraud Type</b>	<b>Fraudulent overpayment £</b>	<b>Court</b>	<b>Court sentence and date</b>	<b>Overpayment o/s as at court sentencing date £</b>	<b>Current Overpayment outstanding £</b>	<b>Comment</b>
9545	Landlord fraud – false tenancy	Nil	Maidstone Crown Court	8 months custodial, suspended for 12 months  12/03/08	Nil	Nil	Linked to above case. Landlord was ordered to repay £10,000 and payment of a lump sum of £8,000 and is paying the remaining £2,000 by instalments of £300.00. Balance of £1,100 remains.
9478	Owned property	4,475	Medway Magistrates' Court	6 months community service order + £150 costs  21/04/08	4,475	4,295	The debt was passed to an external company and claimant has an arrangement with them for monthly payment of £40.00 by standing order
9551	Living together	6,283 +DWP £3,892	Medway Magistrates' Court	12 months conditional sentence + £100 costs  20/03/08	1,436	1,436	Joint investigation with DWP  Debt has been passed to external company.

**Prosecutions completed  
March – mid August 2008**

<b>Investigation case number</b>	<b>Fraud Type</b>	<b>Fraudulent overpayment £</b>	<b>Court</b>	<b>Court sentence and date</b>	<b>Overpayment o/s as at court sentencing date £</b>	<b>Current Overpayment outstanding £</b>	<b>Comment</b>
9830	Undeclared earnings and partner's earnings	16,070	Maidstone Crown Court	12 months supervision order + £100 costs  21/04/08	17,000 (further overpayments have occurred)	16,505	Partner also prosecuted, see case 9973 below. The overpayment is being recovered from claimants current entitlement at the rate of £12 a week.
9973	Undeclared earnings	Nil	Maidstone Crown Court	40 hours community service + £100 costs  21/04/08	Nil	Nil	Linked to above case.
9572	Living together and false tenancy	6,555	Medway Magistrates' Court	120 hours community service + £195 costs  02/05/08	6,500	6,490	Debt has been passed to external company.
9128	Undeclared earnings and partner's earnings	8,070  + DWP £12,148	Maidstone Crown Court	9 months custodial sentence, suspended for 18 months plus 80 hours community service  09/05/08	8,304	8,304	Partner also prosecuted see 9680 below. Debt has been passed to external company.

**Prosecutions completed  
March – mid August 2008**

<b>Investigation case number</b>	<b>Fraud Type</b>	<b>Fraudulent overpayment £</b>	<b>Court</b>	<b>Court sentence and date</b>	<b>Overpayment o/s as at court sentencing date £</b>	<b>Current Overpayment outstanding £</b>	<b>Comment</b>
9680	See 9128	Nil	Maidstone Crown Court	6 months custodial sentence, suspended for 18 months plus 150 hours community service  09/05/08	Nil	Nil	
9275	Living together	3,372	Medway Magistrates' Court	12 months conditional discharge + £175 costs  07/08/08	3,346	3,346	Debt has been passed to external company

**Unsuccessful Prosecutions****March – mid August 2008**

<b>Investigation Case number</b>	<b>Comment</b>
8146	Key witness unavailable for trial. As there had been other previous occasions to get this case into court but frustrated by the absence of a key witness, the decision was taken to cease prosecution action.
10106	Insufficient evidence to prosecute partner. Prosecution case against claimant continuing.
8945	Credibility of a key witness called into question. The decision was taken to cease prosecution action.
9641	Original DWP decision overturned on appeal, thereby invalidating prosecution case.

**Cautions, Administrative Penalty Issued  
March – mid August 2008**

<b>Case Number</b>	<b>Fraud Type</b>	<b>Overpayment £</b>	<b>Comment</b>
9243	Living together	402	Claimant cautioned.
9783	Living together	2,206	Claimant cautioned. Not in the public interest to prosecute.
9882	Undeclared earnings	1,889	Claimant cautioned
9922	Living together	352	Claimant cautioned
9929	Undeclared earnings	200	Claimant cautioned
9942	Undeclared earnings	414	Claimant cautioned
9963	Undeclared earnings	798	Claimant cautioned
10162	Living together	Nil	Partner of claimant cautioned
9887	Living together	323	Claimant cautioned
9916	Undeclared non dependent	419	Claimant cautioned
9773	Undeclared non dependents	1,010	Claimant cautioned
9936	Undeclared income	Nil	Claimant cautioned
9992	Non declaration of earnings	35	Claimant cautioned
9917	Undeclared earnings	1,573	Claimant cautioned
10003	Undeclared partner's earnings	337	Claimant cautioned
10306	Single Person Discount	77	Claimant cautioned