

AUDIT COMMITTEE

17 DECEMBER 2009

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. This report covers activity during the quarter ending 30 September 2009.

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 this financial year to 17 November 2009, the investigations team has identified £97,643 of fraudulent overpayments of Housing and Council Tax Benefit and £259,156 of DWP paid benefits.

- 3.2 In the quarter to 30 September, there have been 8 successful prosecutions, 2 unsuccessful prosecutions, 4 cautions and 2 administrative penalties issued. These sanctions are detailed at Annex A.
- 3.3 The following table shows the progress of current cases following a decision to prosecute.

As at 17 November 2009	Medway Council's Legal Services	Department for Work and Pensions
Cases put forward for prosecution	25	11
Of which		
• court proceedings commenced	12	5
• preparing court proceedings of which	11	3
○ waiting for < 1 month	7	
○ waiting for 1-2 months	1	
○ waiting for 3-4 months	3	2
○ waiting for 5-6 months		1
○ over 6 months		
• awaiting acknowledgement of which	2	3
○ waiting for < 1 month		2
○ waiting for 1-2 months		
○ waiting for 3-4 months	1	1
○ waiting for 5-6 months		
○ over 6 months	1	

4. Risk Management, Financial and Legal implications

- 4.1 There are no risk management, 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							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence and date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
10394	Non disclosure of partner and partner's earnings	12,721 (HB) 1,413 (CTB)	Magistrates' Court	12 month community order, 15 hours unpaid work & £100 costs 09/07/09	HB 12,320	HB 11,920 C Tax 773	Debt was passed to external company and there is now an arrangement to repay.
10305	Working and claiming	8,798 (HB) 1,243 (CTB) & 5,334 DWP)	Magistrates' Court	12 month community order, 150 hours unpaid work, supervision order to address debts and social conscience & £100 costs (which will be added to existing court debt of £1,000) 10/07/09	HB 1,160	HB 934 C Tax 4,883	Overpayment was being repaid from claim. Claimant has now withdrawn claim and an invoice has been raised.
9960	Non disclosure of partner, partner's earnings and claimant's earnings	25,885 (HB) 2,661 (CTB) & 17,523 (DWP)	Magistrates' Court	Community punishment order, 150 hours unpaid work & £50 costs 16/07/09	HB 21,970	HB 21,970 C Tax 2,547	Partner also prosecuted – see case 10304 No offer of payment made. The debt was passed to external company for collection.
10304	Knowingly allowing	Nil	Magistrates' Court	Community punishment order, 150 hours unpaid work & £50 costs 16/07/09	Nil	Nil	

Prosecutions completed							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence and date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
9759	Non disclosure of marriage & spouse's earnings	25,023 (HB) 2,542 (CTB) & 44,982 (DWP)	Crown Court	8 months custodial, suspended for 2 years & 3 month curfew from 21.00 to 07.00 03/08/09	HB 24,291	HB 24,147 C Tax 2,212	Claimant refused to attend interview under caution, was arrested by the police and interviewed at a police station. Claimant was summonsed but did not attend court. Claimant was again arrested. Overpayment is being recovered from current claim.
9903	Non disclosure of partner and partner's earnings	10,319 (HB) 765 (CTB)	Magistrates' Court	12 month community order, 40 hours unpaid work & £50 costs. 19/08/09	HB 7,364	HB 7,324 C Tax 525	Monthly repayments are now being made.
10025	Non disclosure of partner and partner's earnings	8,887 (HB) 2,708 (CTB) & 7,318 (DWP)	Magistrates' Court	12 month community order, 50 hours unpaid work & £100 costs. 27/08/09	HB 8,760	HB 8,720 C Tax 2,578	Had an arrangement to repay fortnightly, which has lapsed. Alternative recovery arrangements being sought.

Prosecutions completed							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence and date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
9336	Non disclosure of income.	7,123 (HB) 763 (CTB)	Magistrates' Court	12 month conditional discharge & £300 costs 08/09/09	HB 1,734.51	HB 1,081.59 C Tax Nil	Other small overpayments have occurred and added to the balance which is still being recovered from weekly benefit.

Unsuccessful Prosecutions	
Investigation Case number	Comment
10345	This was joint investigation with Job Centre Plus investigators (JCP) taking the lead. The claimant was interviewed in September 2008 and a DWP decision maker decided that the claimant was not entitled to income support and the passported CTB. Medway Council approved prosecution action in November 2008. The case was then passed over to JCP to prosecute on our behalf. In November 2008 the customer appealed the decision regarding her benefit and the prosecution case was suspended. In June 2009, the legal branch of DWP decided that as delays had occurred since the interview, no prosecution should take place. It should be noted that procedures have changed, legal action will now continue even if the customer has appealed the benefit decision.
10197	Summons issued and court date scheduled for March 2009, but claimant failed to attend and court issued arrest warrant. In May 2009, claimant was sentenced to a four year custodial sentence for a non benefit offence and the benefit fraud prosecution was withdrawn. Legal's opinion was that it was not in the public interest to pursue the matter once confirmation was received of the claimant's imprisonment.

Cautions or Administrative Penalty Issued			
Case Number	Fraud Type	Overpayment £	Comment
10308	Cashed cheques after leaving property	462	Claimant cautioned
10353	Knowingly allowing a false claim	Nil	Partner cautioned
10719	Non disclosure of earnings	1,075	Claimant cautioned
10725	Cashed cheque relating to previous property occupant.	200	Cautioned.
10356	Non disclosure that tenant had vacated property.	1,436	Landlord accepted administrative penalty (fine)
10476	Non disclosure of earnings	323	Claimant accepted administrative penalty (fine)