

AUDIT COMMITTEE

28 SEPTEMBER 2010

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 June 2010.

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 2010/11 financial year, the investigations team has identified £144,128 of fraudulent overpayments, comprising £114,977 Housing and Council Tax Benefit and £29,151 of Department for Work and Pensions (DWP) paid benefits.

- 3.2 In the quarter to 30 June, there have been 12 successful prosecutions, 3 unsuccessful prosecutions, 2 cautions and 2 administrative penalties. 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 31 August 2010	Medway Council's Legal Services	Department for Work and Pensions
Cases put forward for prosecution	21	17
Of which		
• court proceedings commenced	14	4
• preparing court proceedings of which	7	
○ waiting for < 1 month	1	
○ waiting for 1-2 months	4	
○ waiting for 3-4 months	1	
○ waiting for 5-6 months	1	
○ over 6 months		
• awaiting acknowledgement or preparation	0	13 (see note below)

Note: these are joint investigations and many of these cases are passed to SOLP (legal) by DWP investigation branch. Consequently, it is the DWP investigation branch that receives communications from SOLP. Therefore, Medway Council does not hold precise dates to analyse these cases.

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
10243	Living together	HB 3,701 DWP 1,986	Magistrates' Court	12 month conditional discharge + £75 costs 15/04/10	Nil	Nil	Partner also prosecuted – see case 11022 below.
11022	Dishonestly caused or allowed a false claim	Nil	Magistrates' Court	12 month conditional discharge + £75 costs 15/04/10	Nil	Nil	
10466	Undisclosed capital	HB 2,673 CTB 473 DWP 2,147	Magistrates' Court	24 month conditional discharge + £150 costs 22/04/10	Nil	Nil	
9174	Working and claiming	HB 5,727 CTB 376	Magistrates' Court	24 month conditional discharge + £50 costs 11/05/10	3,153	2,942	Being recovered from current benefit entitlement at maximum permitted rate.
10410	Living together	HB 14,076 CTB 1,920 DWP 13,770	Magistrates' Court	24 month conditional discharge + £100 costs 29/04/10	13,620	13,440	Arrangement to repay at £10 a week.

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
10422	Living together	HB 15,096 CTB 3,512 DWP 11,953	Magistrates' Court	4 months custodial, suspended for 2 years, 2 year supervision order + costs £100 13/05/10	14,743	14,551	Being recovered from current benefit entitlement at maximum permitted rate.
11029	Working and claiming	HB 1,953 CTB 355 DWP 1,561	Magistrates' Court	24 month conditional discharge + £150 costs 11/06/10	1,933	1,933	Made an arrangement to repay weekly but only two payments made. Debt has been passed to external company for collection.
10955	Undisclosed income	HB 12,296 CTB 3,577	Magistrates' Court	£500 fine + £150 costs 03/06/10	12,062	11,930	Being recovered from current benefit entitlement at maximum permitted rate.
9727	Living together	HB 21,148 CTB 2,785 DWP 9,245	Crown Court	100 hours community service. 14/06/10	21,148	21,147	No offer of repayment. Case passed to external company for collection but since returned as unable to collect. Case to be prepared for County Court action.

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
10564	Living together	HB 4,594 CTB 637 DWP 2,228	Magistrates' Court	80 hours community service + £100 costs. 15/06/10	4,594	4,554	Partner also prosecuted – see case below. Arrangement made for monthly payments of £40.00 by standing order.
10564	Dishonestly caused or allowed a false claim	Nil	Magistrates' Court	80 hours community service + £100 costs. 15/06/10	Nil	Nil	
10972	Failed to notify increased earnings.	HB 2,584	Magistrates' Court	£300 fine, £200 costs + £15 victim surcharge 28/06/10	2,100	1,800	Repayment arrangement of £150 a month.

Unsuccessful Prosecutions	
Investigation Case number	Comment
10569	Summons issued but medical advice received considered defendant unable to attend court or enter plea. The case has been withdrawn.
11019	Claimant was interviewed under caution. Subsequently, claimant was offered a caution but failed to attend on two occasions, a caution interview. A summons was issued but before court action could commence, the claimant received a custodial sentence for a non benefit fraud offence. The case has been withdrawn.
10097	The claimant was summonsed to answer charges relating to a housing benefit claim in which she had allegedly failed to notify Medway Council that she was living with her partner and father of her children. After an all day trial, the bench retired before returning a not guilty verdict. The chairman of the bench explained that the prosecution had not proved beyond reasonable doubt that the claimant and partner were living together.

Cautions or Administrative Penalty Issued			
Case Number	Fraud Type	Overpayment £	Comment
11054	Living together	HB 573 (+DWP 695)	Claimant cautioned.
11011	Undisclosed capital	HB 3,193 CTB 428 DWP 917	Claimant cautioned. Joint case with DWP led the investigation. Prosecution not considered due to claimant's poor health by DWP. (SOLP) considered caution action was reasonable.
10649	Failed to notify change of circumstances	HB 467 CTB 77	Administrative penalty issued.
10621	Living together	HB 439 CTB 75 DWP 199	Administrative penalty issued.