

AUDIT COMMITTEE

21 DECEMBER 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 September 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 £313,610 of fraudulent overpayments, comprising £204,526 Housing and Council Tax Benefit and £109,084 of Department for Work and Pensions paid benefits.
- 3.2 In the quarter to 30 September, there have been 7 successful prosecutions, 2 cautions and 3 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 7 December 2010	Medway Council's Legal Services	Department for Work and Pensions
Cases put forward for prosecution	24	17
Of which		
• Court proceedings commenced	19	4
• Preparing court proceedings of which	0	0
* waiting for < 1 month		
* waiting for 1 – 2 months		
* waiting for 3 – 4 months		
* waiting for 5 – 6 months		
* waiting over 6 months		
• Awaiting acknowledgement or preparation	2	13 (see note below)
• Reviewed by legal, further work suggested	3	0

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)

Annex A

Prosecutions completed							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence & date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
10879	Working and claiming	HB 1,283 CTB 349	Magistrates Court	£250 fine + £100 costs 19/07/10	NIL	NIL	Recovered from benefit
10360	Working and claiming	CTB 873	Magistrates Court	150 hours unpaid work 19/08/10	NIL	NIL	Added to ongoing council tax liability.
10904	Working and claiming	HB 1,886 CTB 334	Magistrates Court	80 hours unpaid work + £150 costs 26/08/10		1,656	Invitation to joint work with DWP Hidden Economy Team. Identified customer claiming HB/CTB in our area but working in London. OP recovered from ongoing benefit.
11541	Identity Fraud	HB 5,126 CTB 661	Crown Court	8 months prison 21/09/10	5,126	5,126	UKBA identified ID fraud & suspicion of benefit fraud offences.

Annex A

Prosecutions completed							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence & date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
11494	Identity Fraud	HB 4,900 CTB 475	Crown Court	34 weeks prison 25/06/10	4,900	4,900	UKBA identified ID fraud & suspicion of benefit fraud offences.
10993	Undisclosed Income	HB 5,598 CTB 146	Magistrates Court	24 month conditional discharge + £150 costs 13/09/10	5,598	5,598	Arrangement to pay £50 pcm.
11122	Working and claiming	HB 12,932 CTB 3,422	Magistrates Court	36 month conditional discharge + £200 costs 13/09/10		12,383	DWP led investigation into wife who failed to notify husband started work.. No evidence wife committed offence, DWP decided not to prosecute partner. Medway successfully prosecuted partner for allowing his wife to not notify he had started work. Recovered from ongoing benefit at £13.20 pw.

Cautions or Administrative Penalty Issued			
Investigation 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. DWP solicitors considered prosecution not suitable due for health reasons.
11185	Undisclosed income	HB 1,374	Administrative penalty issued.
11141	Working and claiming	HB 624 CTB 152 DWP 570	Administrative penalty issued.
11410	Undeclared non-dependant	HB 259	Administrative penalty issued.