

BABERGH DISTRICT COUNCIL and MIDSUFFOLK DISTRICT COUNCIL

From: Head of Corporate Organisation	Report Number: JAC3
To: Joint Audit and Standards Committee	Date of meeting: 1 July 2013

BENEFIT FRAUD PERFORMANCE ACTIVITY – UPDATE 2012/13

1. Purpose of Report

- 1.1 This report provides Members with the full year’s benefit fraud performance figures for 2012/13 as produced by the Counter Fraud Manager, Ipswich Borough Council, and his team (Appendix A).
- 1.2 This information was requested following the report that went to Members in March 2013 entitled ‘Managing the Risk of Fraud and Corruption – Annual report for 2012/13’ and which included performance figures within the Business Plan 2013/14 up to December 2012.

2. Recommendations
2.1 That the Committee notes the full year’s performance figures for 2012/13 across the two Councils, as set out in Appendix A. The Committee is able to resolve this matter.

3. Financial Implications

- 3.1 The Corporate Counter Fraud – Business Plan aims to deliver a mechanism to prevent, detect and prosecute fraudulent behaviour and thus provide improved value for money given the finite local government resources available. The work of the Corporate Counter Fraud Team is directly aligned to protecting the public purse, reducing crime and delivering value for money.

4. Risk Management

- 4.1 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Fraudulent Housing and Council Tax benefit cases will go undetected if robust anti-fraud and corruption arrangements are not in place.	Unlikely	Bad	The team receives referrals from internal staff, external agencies and departments (including the data matching exercises) along with anonymous referrals from members of the public. A confidential telephone Fraud ‘Hotline’, is available for members of the public to report their suspicions of benefit and housing fraud.

Risk Description	Likelihood	Impact	Mitigation Measures
			<p>In addition, fraud referral forms are available to staff and the public at various Council establishments and suspected fraud can also be reported via the Council websites on the Internet.</p> <p>In all cases where fraud is suspected or alleged, resources from the investigation team will be allocated to assess the cases.</p> <p>From April 2014 it is planned that the Welfare Reform Bill will result in Benefit Fraud investigations being conducted in accordance with the priorities, policies and processes operating within the Department of Work and Pensions.</p>

5. Consultations

- 5.1 Performance and recovery figures produced from within the Counter Fraud Team.

6. Equality Analysis

- 6.1 There are no equality and diversity implications arising from this report.

7. Shared Service / Partnership Implications

- 7.1 Parties to the Fraud Investigation Services Agreement to receive a copy of this report.

8. Key Information

Background

- 8.1 Mid Suffolk and Babergh District Council's Fraud Investigation Services transferred to Ipswich Borough Council on 1 April 2011.
- 8.2 The Fraud Investigation Services which transferred, performs housing and council tax benefit fraud investigations, interventions and prosecutions where appropriate.
- 8.3 A legal 'Fraud Partnership Agreement' exists between the three Councils in relation to benefit fraud activity and the service delivery to the Shared Revenues Partnership.

Reporting Process

- 8.4 Ipswich Borough Council report on the benefit fraud activity and performance annually as part of their Corporate Counter Fraud Annual Report. This report details the performance results for all three Councils.

- 8.5 Similarly, the Corporate Manager – Internal Audit presented an annual report to Mid Suffolk’s Scrutiny Committee and Babergh’s Overview and Scrutiny (Stewardship) Committee entitled ‘Managing the Risk of Fraud and Corruption’, which includes a copy of the Business Plan produced by the Counter Fraud Manager and incorporates the performance figures for the three Councils. In future this report will be presented to this Committee.
- 8.6 For the past couple of years the Audit Partnerships Manager or the Counter Fraud Manager from Ipswich BC has attended the relevant Committee at Mid Suffolk DC and Babergh DC to present their annual Business Plan.
- 8.7 Following the presentation in March 2013 both sets of Members from Mid Suffolk and Babergh wished to have sight of the full year’s performance figures for 2012/13 (in March 2013 the figures presented were up to 31December 2012) together with details of recovery rates for the same period.
- 8.8 Members wished to see some historic recovery data for fraud investigations during recent years. Regrettably the data is not available although will be made available in future.
- 8.9 This report provides Members of this Committee with an updated performance position for the complete year 2012/13.

9. Appendices

Title	Location
A Benefit Fraud Performance Activity – Update 2012/13	Attached

10. Background Documents

- 10.1 Managing the Risk of Fraud and Corruption – Annual Report 2012/13 (Babergh – Paper M173; Mid Suffolk – Paper Y/33/13)

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Benefit Fraud Performance Activity - Update 2012 – 2013.

1. Background

1.1 Overview

1.1.1 Throughout the last financial year the team has continued to deliver a successful benefit focused investigative service and has exceeded the overarching target set for the year. This was to identify fraud and error overpayments that exceeded the budget for the team plus £50,000; so identifying at least £420,000 in benefit related fraud and error overpayments.

1.1.2 The National Fraud Initiative (NFI) data matching referrals were released in February 2012 for all three of the partnership authorities and the sifting and investigation work has recently commenced.

2.1 Performance

2.2.1 A number of Housing Tenancy Fraud investigations have taken place in both Ipswich and Babergh Council areas and these have directly resulted in 2 properties being returned to housing stock by the tenants rather than face further sanction. A notional saving of £18,500 per property is used to measure performance in this area as that is the general amount for 1 year placement in emergency accommodation costs. Thus the team have made a total notional saving of £37,000 in this area of work for Babergh.

2.2.2 Benefit fraud referrals for the Babergh and Mid Suffolk areas have decreased slightly when compared to the previous year however Ipswich has shown an increase. Work on identifying reasons for the disparities is being undertaken by the Fraud Team Leader.

2.2.3 A useful source of work for the fraud team is the Housing Benefit Matching Service (HBMS) data matches. The supply of data matches has again been intermittent during this year and this has certainly been felt across all the partnership authorities as a whole but more significantly at Babergh and Mid Suffolk.

2.2.4 A change of emphasis has been introduced resulting in an increase in prosecutions and a focus on higher value cases; rather than pursuing minor sanctions. This mirrored the new approach within the DWP.

2.2.5 Punitive action was taken against a total of 122 fraudsters; this includes 45 people who were prosecuted, 42 people who were cautioned and 35 people who received a financial penalty

2.2.6 Over £573,000 in overpayments through fraud or error was discovered through these cases and this amount is in the process of being recovered by the appropriate Council Team. This is broken down between the three Authorities as:-

Ipswich – £269,438.43
Babergh – £112,656.37
Mid Suffolk - £191,880.20

2.2.7 The recovery of fraudulent and error overpayments is administered and actively pursued by the Recovery Team which is within the responsibility of the Head of the Shared Revenues Partnership. To assist Members in the future systems have been varied for all new cases to have a facility to interrogate and discover the recovery rates for fraud.

2.2.8 Members wished to see some historic recovery data for fraud investigations during recent years. Regrettably the data is not available although will be made available in future.

2.2.9 Investigative performance for the Fraud Partnership 2012/13

	Year ending 31/03/13
No. Fraud referrals	897
No. Cases investigated	406
No. Cautions	42
No. Penalties	35
No. Prosecutions	45
Value of overpayments identified	£573,975.00

Babergh District Council Performance Comparison

	Year ending 31/03/12	Year ending 31/03/13
No. Fraud referrals	200	160
No. Cases investigated	130	73
No. Cautions	27	9
No. Penalties	12	6
No. Prosecutions	9	14

Mid Suffolk District Council Performance Comparison

	Year ending 31/03/12	Year ending 31/03/13
No. Fraud referrals	170	95
No. Cases investigated	74	54
No. Cautions	6	6
No. Penalties	5	11
No. Prosecutions	12	8

2.2.10 In total the quantifiable savings as a direct result of fraud team investigations during the last financial year can be summarised as; £129,500 + £70,000 + £573,975.00 = £773,475.00 for the three partnership Authorities.

2.2.11 The Babergh and Mid Suffolk return being; £37,000 + 304,536.57 = £341,536.57.