

<b>Subject:</b>	Quarter 1 Fraud Update Report	<b>Status:</b>	For Publication
<b>Report to:</b>	Cabinet	<b>Date:</b>	17 <sup>th</sup> October 2012
<b>Report of:</b>	Director of Business	<b>Portfolio Holder:</b>	Customers, Legal and Licensing
<b>Key Decision:</b>	<input type="checkbox"/> Forward Plan <input type="checkbox"/>	<b>General Exception</b>	<input type="checkbox"/> <b>Special Urgency</b> <input type="checkbox"/>
<b>Community Impact Assessment:</b>	Required:	No	Attached: No
<b>Biodiversity Impact Assessment</b>	Required:	No	Attached: No
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1.	<b>RECOMMENDATION(S)</b>
1.1	Members are recommended to note the contents of the report.

## 2. PURPOSE OF REPORT

2.1 To provide elected members with a summary of action taken by the Benefits Investigation Unit (BIU) from 01/04/2012 to 30/06/2012. This report will focus on updating members with the performance of the unit during Quarter 1 of 2012/13. The report will provide detail on the:

- number of referrals made
- source and type of referrals
- number of investigations carried out
- number of investigations proven
- amount of weekly benefit saved,
- amount of the overpayments identified as fraud and claimant error
- number of Prosecutions/Sanctions secured by the unit
- source of those Prosecutions/Sanctions and the type of offences related to those Prosecutions / Sanctions
- number of claims to benefit in Rossendale
- percentage of claims proven as fraudulent
- percentage of Prosecutions/Sanctions secured against number of claims to benefit in Rossendale

## 3. CORPORATE PRIORITIES

3.1 The matters discussed in this report impact directly on the following corporate priorities:

- **A clean and green Rossendale** – creating a better environment for all.
- **A healthy and successful Rossendale** – supporting vibrant communities and a strong economy.
- **Responsive and value for money local services** – responding to and meeting the different needs of customers and improving the cost effectiveness of services.

## 4. RISK ASSESSMENT IMPLICATIONS

4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- The Council has a statutory duty to investigate allegations of housing or council tax

benefit, protecting public funds and ensuring that benefits are paid promptly and accurately to those people who are genuinely entitled to them. However, we consider benefit fraud a serious crime which has an impact on every council tax payer in Rossendale.

- Rossendale Borough Council operates a prosecution policy which they will seek to apply in cases of benefit fraud.
- Failure to regulate in this area will likely result in lack of confidence in the Council.

## **5. BACKGROUND AND OPTIONS**

5.1 The Benefit Investigation Unit (BIU) returned to the Council on 01/07/2011 from Capita Business Services who had delivered the service since its transfer in October 2006. The Unit employs 1 Investigator and 1 Senior Investigator

### **5.2 In Quarter 1, the BIU have taken part in the following exercises / operations;**

#### Joint working with Jobcentre Plus

- The arrest of a female benefit claimant jointly with the Police and Jobcentre Plus. The female claimed to be a single parent and was arrested for an allegation of living with a partner and running a business from her home address.

#### Operation Maestro

- Working jointly with licensing enforcement officers, police and VOSA, the BIU checked taxi drivers against the benefit database.

5.3 From April 2012, fraud staff have been able to fully utilise the case management and referral database which has resulted in more detailed analysis of the work undertaken by the Unit and is reflected in this report.

5.4 During May 2012, the monthly data matches via the Housing Benefit Matching Service (HBMS) were resumed by the Department for Work & Pensions (DWP) following a 5 month layoff. This led to the unit receiving 507 matches in May 2012 against claims in the Rossendale area identified as having possible discrepancies after being matched against DWP, Her Majesties Revenues & Customs (HMRC), Royal Mail and other Local Authority claim data. No matches were received in June 12.

### **5.5 Summary of joint working prosecutions during quarter 1:**

#### April 2012

- A benefit claimant was successfully prosecuted in April 2012 following her failure to report a relevant change in circumstances, namely that her partner was living with her whilst she continued to receive Income Support, Housing & Council Tax benefit as a lone parent. She pleaded guilty to 3 charges and received a 6 month conditional discharge and £150 legal costs. She had fraudulently claimed a total of £3,539.24 in benefits over a 4 month period.
- A benefit claimant was successfully prosecuted in April 2012 following her failure to report that she had married her husband in 1998 and that he was working and supporting her financially whilst she continued to receive Income Support, Housing & Council Tax benefit as a single person. At the time of the conviction, she had moved to the Burnley area but the offences were committed whilst she was residing in Bacup where she had claimed benefits as a single person from 1997 through to 2010. She received a custodial sentence of 15 months for fraudulently claiming £114,971.00 to which she was not entitled from 1998.

### May 2012

- A benefit claimant was successfully prosecuted in May 2012 following her failure to report her partner was living with her and she continued to receive Income Support, Housing & Council Tax benefit as a lone parent. She was given a 12 months suspended sentence of 25 weeks in prison and 150 hours unpaid work for fraudulently claiming benefits totalling almost £40,000 over a 3 year period.

### June 2012

- A benefit claimant was successfully prosecuted following her failure to declare that she had been given £25,000 from her mother and continued to claim Income Support, Housing & Council Tax benefit to which she knew she was not entitled. The capital threshold for means tested benefits is £16,000. She had originally claimed the money had been a 'loan' but eventually admitted it was a gift. She pleaded guilty and received a 12 month conditional discharge with £75 court costs for an overpayment totalling £14,010.66.

## 5.6 **Summary of Weekly Benefit Savings (WBS) & Overpayments during Quarter 1:**

### April 2012

Savings to Tax payer	£236.57
Fraudulent overpayments identified:	£2,289.83
'Claimant error' overpayments identified:	£1,142.03
Total overpayments identified:	£3,431.86
Benefit Caseload average	
7,400	
% of claims identified as fraudulent	
0.09%	
% of claims Prosecuted /Sanctioned	
0.06%	

### May 2012

Savings to Tax Payer	£584.42
Fraudulent overpayments identified:	£26,364.51
'Claimant error' overpayments identified:	£431.61
Total overpayments identified:	£26,796.12
Benefit Caseload average	
7,400	
% of claims identified as fraudulent	
0.08%	
% of claims Prosecuted/Sanctioned	
0.04%	

### June 2012

Savings to Tax payer	£447.39
Fraudulent overpayments identified:	£31,742.13
'Claimant error' overpayments identified:	£8,675.13
Total overpayments identified:	£40,417.26
Benefit Caseload average	
7,400	
% of claims identified as fraudulent	
0.06%	
% of claims Prosecuted/Sanctioned	
0.02%	

5.7 A breakdown of the referrals received during quarter 1 is appended at [Appendix A](#)

5.8 A breakdown of the investigations closed during quarter 1 is appended at [Appendix B](#)

5.9 A breakdown of prosecutions and sanctions during quarter 1 is appended at Appendix C

**COMMENTS FROM STATUTORY OFFICERS:**

**6. SECTION 151 OFFICER**

6.1 There are no specific financial implications

**7. MONITORING OFFICER**

7.1 The Council must make a decision based on all relevant information and following consideration of all relevant Council policies.

**8. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)**

8.1 There are no specific human resources implications.

**9. CONSULTATION CARRIED OUT**

9.1 None

**10. CONCLUSION**

10.1 This report details action taken by the Licensing and Enforcement Unit

Appendices

Document	Appendix Number
Breakdown of the referrals	Appendix A
Breakdown of the investigations closed	Appendix B
Breakdown of prosecutions and sanctions	Appendix C