

 FINANCE & AUDIT SCRUTINY 14th JULY 2009		Agenda Item No.
Title	Benefit Fraud Investigation – Performance and Costs	
For further information about this report please contact	Richard Barr Tel: (01926) 456815 E Mail: richard.barr@warwickdc.gov.uk	
Service Area	Finance	
Wards of the District directly affected	Not applicable	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	Audit and Resources – 2 nd September 2008	
Background Papers	Benefit Fraud Investigation data	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director	18 May 2009	Andrew Jones
Chief Executive		
CMT		
Section 151 Officer	18 May 2009	Mike Snow
Legal	15 May 2009	Peter Oliver
Finance		As per S151 Officer
Portfolio Holder(s)	19 May 2009	Councillor Mobbs
Consultation Undertaken		
Not applicable		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1 **SUMMARY**

1.1 Report advises on performance of Benefit Fraud Investigation function for 2008/09.

2 **RECOMMENDATIONS**

2.1 That the report be noted and its contents be accepted.

3 **REASON FOR THE RECOMMENDATIONS**

3.1 To advise members of the performance of the Benefit Fraud Investigation Section for 2008/09.

4 **ALTERNATIVE OPTION(S) CONSIDERED**

4.1 This report is not concerned with recommending a particular option in preference to others so this section is not applicable.

5 **BUDGETARY FRAMEWORK**

5.1 The budgetary aspects are detailed in paragraph 7.4 of this report.

6 **POLICY FRAMEWORK**

6.1 The Council's Benefit Fraud Sanctions Policy states: "Warwick District Council has a duty to administer claims for Housing and Council Tax Benefit, including a responsibility to prevent and detect benefit fraud. As part of its commitment to protecting public funds, the Authority will examine for each benefit fraud case it investigates the suitability of applying sanctions under the Department for Work and Pension's fraud incentive regime."

7 **BACKGROUND**

7.1 The Benefit Fraud Investigation Section is based in the Audit and Risk Division of Finance.

7.2 As its title suggests, the role of the Benefit Fraud Investigation Section is to investigate suspected benefit fraud with a view to identifying such fraud and thereby prevent its continuation. The presence of the Section will also have a deterrent effect for those people considering benefit fraud.

7.3 The Section has 3.1 f.t.e. established posts comprising a Manager who is mainly operational, one and a half investigators and administrative support.

7.4 In previous years, the function was required to be self-financing i.e. to generate more in income than it spent. However, the fraud subsidy rules changed at the start of 2006/07. Sanctions are still applied by the Section to fraudulent claimants in the form of prosecutions, administrative penalties and cautions but Sanctions Rewards, previously available from the DWP as incentives for issuing such sanctions, are no longer available. The year before the rules changed, 2005/06, £128,400 was earned from the DWP from Sanctions Rewards. Income is still obtained in the form of overpayment subsidy and administrative penalties: overpayment subsidy is

received from the government at a rate of 40% of all types of overpayments identified and administrative penalties are paid by claimants, levied at 30% of the overpayment.

7.5 Although the government has reduced the financial incentive for local authorities to identify housing benefit fraud, it continues to apply pressure, through its inspection regime, on local authorities to identify and prevent this type of fraud.

8 **PERFORMANCE FOR 2008/09**

8.1 For the year, 85 sanctions were issued comprising:

- 2 prosecutions
- 31 formal cautions
- 52 administrative penalties

8.2 Income earned from administrative penalties amounts to £26,184.

8.3 Overpayments identified during the year amounted to £157,970 comprising £120,399 in housing benefit and £37,571 in council tax benefit. Income earned from overpayment subsidy therefore amounts to £63,188. When added to the income earned from administrative penalties, this means that a total of £89,372 has been earned by the Section for the year.

8.4 This year's results, together with comparative data, is summarised in appendix 1.

8.5 The number of sanctions obtained has decreased due to the absence for almost the whole year of the Benefit Fraud Investigation Manager and the vacancy for much of the year of the half-time Benefit Fraud Investigator post. This post was filled in October 2008 whilst the Benefit Fraud Investigation Manager's absence has been filled on a temporary basis since February of this year. In the circumstances, therefore, performance has been very high. In fact, due to a policy of concentrating more on higher-value cases of fraud, the total value of overpayments identified is comparable to the previous year. Thus the income earned by the Section is comparable also.

Performance: 2008/09 Vs 2007/08

Measures	2008/09	2007/08
Sanctions:		
Prosecutions	2	4
Formal cautions	31	45
Administrative penalties	52	83
Income from administrative penalties	£26,184	£38,729
Investigations	999	454
Overpayments identified:		
Housing benefit	£120,399	£116,211
Council tax benefit	£37,571	£50,827
Income from Overpayment Subsidy	£63,188	£66,815

Cost of Benefit Fraud Investigation Function 2008/09

	£
Employees	82,579
Transport	7,024
Supplies & Services	12,074
Support Services	13,845
Total	115,522