

Body: Cabinet

Date: 23 October 2013

Subject: Counter Fraud Prosecution Policy

Report Of: Ian Fitzpatrick
Senior Head of Community

Ward(s) All

Purpose To adopt a revised Counter Fraud Prosecution Policy

Recommendation: That the Counter Fraud Prosecution policy is adopted

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1.0 Background/Introduction

- 1.1 The Council are under a duty to protect the public purse. It is estimated that nationally £5.2b is lost to the public purse each year through fraud an error in the welfare benefits system. In addition, £90m is lost nationally in Council Tax revenue through Single Person Discount Fraud.
- 1.2 In 2010 HMRC and the DWP produced a Fraud Strategy document – Tackling Fraud and Error in the Benefit and Tax Credits System - which sets out an approach to fraud under five themes - Prevent, Detect, Correct, Punish and Deter. The Council’s Benefit team has procedures in place to Prevent fraud entering the system, Detect Fraud that gets into the system and Correct claims that are found to be incorrect. This policy sets out the Council’s approach to the Punish and Deter themes.
- 1.3 Cabinet adopted the current Housing Benefit & Council Tax Benefit Counter Fraud policy on 6 February 2008. Changes to legislation, for example, the increase in the level of Administrative Penalties; the introduction of a local scheme of support to replace Council Tax Benefit and the re-focussing of the fraud team on more corporate-wide issues, for example Council Tax and tenancy fraud, leads to the need for a revised policy.

2.0 Fraud in Eastbourne

- 2.1 Even with robust procedures in place fraud and error will enter the system. This could be through a person starting work and not telling the Council or someone claiming a Council Tax discount which they are not entitled to.

2.2 In 2012/13 the Fraud team identified £472,198 of overpaid benefit. This was made up of a combination of fraudulent activity and claimant error. The team administered 15 prosecution, 11 Administrative penalties and six cautions.

2.3 The activities of the fraud team prevented £418,279 in benefit being paid out where there was no, or a reduced, entitlement.

3.0 Revised Policy

3.1 The revised policy (Appendix 1) maintains many of the principles of the current policy. For example, there are no changes to sanctions limits, whilst incorporating changes to legislation; the introduction of a local scheme of support for Council Tax and taking on board comments received from the Citizens Advice Bureau during the consultation exercise.

4.0 Consultation

4.1 We have consulted with Legal, Internal Audit, the other East Sussex district and borough councils, the Citizens Advice Bureau and several Registered Housing Providers. Due to the sensitive nature of the subject it was decided not to go to public consultation.

4.2 The Council did receive a comprehensive response came from the CAB who referred to how the policy dealt with vulnerable people, questioned how customers who make mistakes were dealt with and wanted clarification on how we advised people to get independent advice. All of this points were considered valid and helpful and have helped inform the final document.

4.3 Specifically we have included at section 7 an additional bullet point referring to vulnerable people. Customers who make genuine mistakes will not face a fraud sanction. For a fraud to be proved there has to be intent. If the customer has made a mistake, there cannot be any intent.

4.4 If a customer is invited for an Interview under Caution the letter they receive advises them that they can seek legal advice. This is also re-iterated at the start of an Interview under Caution, or if the customer contacts us prior to the interview.

5.0 Resource Implications

5.1 Financial
None

5.2 Staffing
None

6.0 Other Implications (delete/add sub-headings as necessary) Environmental, Human Rights, Community Safety, Youth, Anti-poverty.

6.1 Equalities

6.2 An Equalities and Fairness analysis has been completed and is attached as Appendix 2.

7.0 Conclusion

7.1 A robust Counter Fraud Prosecution policy provides the framework within which the Council are able to protect the public purse by deterring fraudulent activity and applying sanctions against those who have defrauded the public purse.

7.2 It is recommended that Cabinet adopt the policy for the reason given in the report.

lead officer: Bill McCafferty, Revenues & Benefits Manager

Background Papers:

The Background Papers used in compiling this report were as follows:

Tackling Fraud and Error in the Benefit and Tax Credits System – DWP & HMRC Strategy document October 2010

To inspect or obtain copies of background papers please refer to the contact officer listed above.