

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

RESOURCES AND PERFORMANCE – AUDIT AND RISK COMMITTEE

**Minutes of a Meeting of the
Resources and Performance – Audit and Risk Committee,
held on Tuesday 29 May 2012 at 8.04 pm, in the Committee Suite,
King's Court, Chapel Street, King's Lynn**

PRESENT:

Councillors P Beal (Chairman), Councillor C Manning (Vice-Chairman),
D J Collis, J Collop, Mrs S Collop, C J Crofts, H Humphrey, J Loveless,
A Morrison, D Tyler, T de Winton and A Wright

Portfolio Holder

Councillor Mrs E Nockolds, Portfolio Holder for Health and Wellbeing

An apology for absence was received from Councillor A White

ARC1: MINUTES

The minutes of the meeting held on 24 April 2012 were confirmed as a correct record and signed by the Chairman.

ARC2: DECLARATIONS OF INTEREST

There were no declarations of interest.

ARC3: URGENT BUSINESS UNDER STANDING ORDER 7

There was no urgent business to report.

ARC4: MEMBERS PRESENT PURSUANT TO STANDING ORDER 34

There were no Members present under Standing Order 34.

ARC5: CHAIRMAN'S CORRESPONDENCE

The Chairman had no correspondence to report.

ARC6: **MATTERS REFERRED TO THE COMMITTEE FROM OTHER COUNCIL BODIES AND RESPONSES MADE TO PREVIOUS RECOMMENDATIONS/REQUESTS**

There were none.

ARC7: **BENEFIT INVESTIGATIONS UNIT ANNUAL REPORT**

The Fraud Investigations Manager presented the Benefit Investigations Unit Annual Report which provided Members with information regarding the work undertaken during the 2011/2012 financial year and looked forward into 2012/13.

In 2011/12 nearly £51 million was paid over to 14,560 claimants on low incomes to enable them to pay their rent and council tax payments.

Work undertaken in 2011/2012

The Fraud Investigations Manager explained that every year, the Investigations Unit received fraud referrals from a number of sources. Some referrals were passed to the Department for Work and Pensions (DWP) as they involved Social Security benefits.

Members were advised that of the 441 cases which were formally investigated, 61 cases resulted in fraud being proven where formal action was taken. 19 cases were taken forward for prosecution and a range of sentences were given which were set out at section 3.4 of the report.

The Committee noted that in addition to the above, 22 cases were offered and accepted an Administrative Penalty. An Administrative Penalty was an alternative to prosecution at 30% of the total overpayment, which was added to the overpayment to be recovered.

20 other cases were offered and accepted a Simple Caution. The purpose of a Simple Caution was to deal quickly and simply with less serious offenders, to save unnecessary appearance in a criminal court and to reduce the chances of re-offending.

The Fraud Investigations Manager explained that of the 441 cases investigated, 141 resulted in a 'positive outcome/saving.' Benefit claims were corrected, following the Investigation's Unit intervention where Housing and Council Tax Benefit cases had either been stopped, or corrected and identified an overpayment that was not fraudulent.

The financial implications and the work plan was outlined as set out in sections 4 and 5 of the report.

In response to questions from Councillor Humphrey relating to paragraphs 2.1 and the table set out at 4.2, the Fraud Investigations Manager explained that the figures did indicate that the level of overpayments recovered in a period was not high. The percentage of monies recovered from the overall amount of outstanding overpayments in 2011/12 was 29.5%. The Fraud Investigations Manager explained that not every referral was investigated. Each referral would be assessed against the approved criteria and scored accordingly. On occasions, the Council had received malicious referrals. It was noted that residency checks were carried out by the Visiting Officers.

Following further questions from Councillor Humphrey on how the amount of penalty imposed was reclaimed, the Fraud Investigations Manager advised that this was an ongoing process and would it be recovered together with the amount of overpayment.

Councillor de Winton commented that in the current economic climate, those people on low incomes claiming benefit, the financial position of would no doubt worsen and potentially lead to more fraud. He asked therefore if the Magistrates Court took any of these factors into account by not imposing a fine, but replacing it with a form of community service. In response, the Fraud Investigations Manager explained that during the Court process, the resources available to repay the debt would be considered. In some cases, where it would not be appropriate to impose a fine, other areas would be looked at as to where a sanction could be given.

Councillor de Winton enquired how the overall amount outstanding of overpayments would be reclaimed. In response, the Fraud Investigations Manager explained that if there was an ongoing benefit claim, a claw back would be made and the overpayment recovered either as a whole payment if resources permitted, or alternatively on an instalment basis.

Councillor C J Crofts asked if could the rent be paid direct to the landlord in some cases. The Fraud Investigations Manager explained that the Council was not able to pay the rent direct to the landlord, it had to be paid to the claimant. However, there was a Panel which assessed claims received from vulnerable claimants and a decision could be made, where appropriate, to pay the landlord direct if the claimant was found to be in arrears. In certain circumstances, the landlord could apply to the Council for the rent to be paid direct to him/her.

Councillor Mrs Nockolds, Portfolio Holder for Health and Wellbeing commented that a significant amount of work was undertaken within the small team of 3 staff, who were very efficient and performed well, sometimes under difficult circumstances and thanked the team for their efforts to recover the overpayments. The number of referrals had decreased in 2011/2012.

RESOLVED: The Committee noted the report.

ARC8: **CORPORATE RISK MONITORING REPORT APRIL 2012**

The Audit Manager presented the report which detailed the changes to the Risk Register since the last monitoring report in November 2011 and gave details of the risks falling into the 'Very High' category and the associated work to mitigate the effects.

The Audit Manager advised of the main changes as detailed at section 2 of the report.

It was noted that there had been six new entries as set out below:

- Local Council Tax Scheme.
- Localisation of Business Rates.
- Revenues and Benefits Shared Services – working practices.
- Land Sales.
- Refuse and Recycling Contract.
- Joint Venture

In response to questions from Councillor J Collop relating to Corporate Objective 5.4 – Balancing income and expenditure with the economic sector deteriorating, the Deputy Chief Executive advised the Committee that this had not created any issues for the Council. The set of accounts for 2011/2012 had reported an under spend on the Council's budget. However, the capital receipts received had been less than expected and therefore the Capital Programme would be revisited and reviewed during the summer. The position on revenue could present an issue to the Council in the future with the introduction of the new business rates scheme and the volatility it could present.

Councillor D J Collis referred to the Revenues and Benefits Shared Services and asked if the discussions to resolve any issues was working well with both authorities. In response, the Audit Manager explained that this liaison had applied to the implementation stage. The Risk Register was now listing day to day working practices on an operational basis. The Deputy Chief Executive did suggest that procedures to deal with low level operational issues were required and had taken action to introduce a process to deal with the matter.

The Deputy Chief Executive advised that there was a Steering Group meeting where he had submitted an issues note outlining the above and highlighting the importance of common standards to be agreed and applied to both authorities to ensure that claims were being dealt with using a consistent procedure. Within both authorities there were Operational Groups who met regularly and flagged up any issues requiring a resolution which, if necessary, could be escalated within the authorities to Executive Director level.

Councillor D J Collis sought assurance that when the Revenues and Benefits Services Shared Services came into operation in October 2012, similar problems as outlined above would not be present. In response, the Deputy Chief Executive advised that the authorities would either agree to a common procedure to deal with any operational issues or accept that in certain circumstances local differences would apply.

RESOLVED: The Committee noted the report.

ARC9: **AUDIT AND RISK COMMITTEE WORK PROGRAMME**

The Committee considered its Work Programme.

RESOLVED: That the Committee's Work Programme be noted.

ARC10: **DATE OF NEXT MEETING**

A Special Meeting of the Audit and Risk Committee to consider the Accounts would be held on Thursday 14 June 2012 at 6 pm.

The meeting closed at 8.35 pm