



INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
SHARED SERVICE	AUDIT AND STANDARDS COMMITTEE	23 JULY 2020	11
ANNUAL FRAUD REPORT 19/20			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY OF INFORMATION

Local Authorities have a statutory duty under section 151 of the Local Government Finance Act 1972 to make arrangements for the proper administration of their financial affairs.

As responsibility for Housing Benefit fraud investigation passed to the Department for Work and Pensions (DWP) on 1st June 2015, the Council made a decision to partner on a Corporate Fraud Team, hosted by Preston City Council and shared between Preston, Lancaster and Fylde Councils. There is a duty to have effective controls and procedures in place to prevent, detect and investigate fraud and error in Council Tax Support, Council Tax, Business Rates and other areas of fraud committed against the authority.

The Corporate Fraud, or Corporate Enquiry Team (CET) as it is also known, also works in partnership with the Housing Department (Lancaster) and other Social Housing providers to investigate tenancy fraud.

This report details performance and counter fraud activity undertaken by the CET during 2019/20 in this specialist area of work.

SOURCE OF INFORMATION

Internal

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

No decision required. Members are recommended to note the content of this report, relating to the counter fraud activities of the Corporate Enquiry Team during financial year 2019/20.

FURTHER INFORMATION

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OBJECTIVES

The objectives of the Corporate Enquiry Team are to:-

- Protect public funds
- Undertake fraud prevention measures
- Detect and stop fraud
- Increase fraud awareness
- Implement sanctions in accordance with Council prosecution policies
- Ensure that investigations comply with the regulatory environment
- Recover properties from fraudsters to enable re-housing of those identified as most in need of social housing
- Encourage a strong culture of good performance in relation to cost
- Promote the principles of fairness, equality of opportunity, social inclusion and poverty reduction through service provision
- Embrace partnership working to enable the delivery of an excellent service, whilst achieving savings based on economies of scale, reductions in duplication and financial savings to the authority

STAFFING

Effective from 1st June 2015, the Corporate Enquiry Team consists of five staff, including a manager, two investigators and two administrative officers. These staff are employed by Preston City Council and shared between the three authorities, providing Fylde with full time equivalent (FTE) staff resources of a Manager (0.2), Investigators (0.3) and an Administrative Officer (0.4).

SHARED SERVICES

Preston City Council made a bid for corporate counter fraud funding from the Department for Communities and Local Government (DCLG) based on a shared service with Lancaster City Council and Fylde Borough Council and was initially awarded £125,750 to help fund the costs of the new service. This team replaced the former benefit fraud team that previously operated between the three councils.

PARTNERSHIP WORKING

The Corporate Enquiry Team strives to prevent and detect as much fraud against the Council as possible, working with outside agencies such as DWP, HM Revenues and Customs, Police and Immigration where appropriate. Joint working with the Department for Work and Pensions on cases involving Council Tax Support and national benefits has re-commenced on 29th April 2019.

The team has an excellent working relationship with Lancashire Police, participating in Operation GENGA, a Home Office led multi-agency operation to help tackle serious and organised crime. This demonstrates our commitment to tackle fraud on a larger scale and other related crimes in partnership with external agencies.

The Corporate Enquiry Team are active members of NAFN (National Anti-Fraud Network). NAFN's key services include:

- Acquiring data legally, efficiently and effectively from a wide range of information providers;
- Acting as the hub for the collection, collation and circulation of intelligence alerts;
- Providing best practice examples of processes, forms and procedures.

The team are also members of the Chartered Institute of Public Finance and Accountancy (CIPFA) Counter Fraud Centre in order to share best practice and receive information on counter fraud initiatives. The team works closely with Lancashire and Greater Manchester Local Authorities and meets regularly with other counter fraud practitioners to discuss common counter fraud issues and best practice.

PERFORMANCE

From 1st April 2019 to 31st March 2020 the Corporate Enquiry Team found overpayments totalling £59,093.51. A full breakdown of these overpayments is included at Appendix 1 of the report.

The team has introduced an additional methodology to clarify counter fraud performance. When a claim for an allowance, discount, reduction, benefit or exemption ends or reduces as a result of an intervention by the CET,

the value of the intervention is not just the amount of any overpayment that has occurred. It is recognised that there is also a “future” saving, resulting from preventing further incorrect payments being made.

In these cases the weekly amount of reduced entitlement that is applied following a counter fraud intervention is multiplied by 52. It is reasonable to believe that the award would have continued for an average of one year, had no intervention taken place. This was agreed as an appropriate performance measure by the Lancashire and Greater Manchester Fraud Investigators Group.

The weekly figure for Fylde Council is £920.88, providing estimated “future” savings for 2019/20 of £47,885.76. It should be noted that “future” savings can only be estimated, but it helps to demonstrate additional benefit to the Council of undertaking counter fraud work.

Performance data is detailed in Appendix A to this report.

A Management checking regime is in place, structured to monitor performance and compliance with legislation. This process includes:-

- 1-2-1's with all fraud staff at least three times a year to discuss the officer's full caseload, giving advice and direction, identifying inactive cases, together with any training needs;
- all Interviews Under Caution are reviewed before prosecution is considered;
- a full management check is conducted on all sanction cases; and regular checks are undertaken of fraud officer's pocket notebooks.

Surveillance is only authorised in appropriate cases where considered necessary and proportionate, in line with the Regulation of Investigatory Powers Act (RIPA). No surveillance has been undertaken Fylde during 2019/20.

Covid19 had a significant impact on the team's operations, from February 2020 all formal action was suspended. The team was unable to undertake formal interviews under caution, visit members of the public (witnesses, suspects etc) or pursue criminal proceedings due to the pandemic. The team has assisted the Finance and Audit Teams who have been administering the distribution of COVID19 support grants to businesses under the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund introduced on the 17th March 2020. This work included investigating potentially fraudulent claims, both pre and post-payment.

IMPLICATIONS

There are no direct financial implications arising from this report. However, the Corporate Enquiry Team has generated savings for the Council from their corporate fraud work, and delivers value for money in this area.

From 1st April 2019 Fylde Council is part of a pilot involving Lancashire authorities pooling Business Rates which allows for 75% of the rates they collect to be retained locally. As such, the Council recognises the impact that good collection of local taxation has on finances and the CET seek to ensure that income is maximised by dealing with fraud in the system.

IMPACT STATEMENT

The Benefits Service has a major impact upon the wellbeing of the more vulnerable members of the community. The Council is committed to protecting the gateway to both Benefits and Council Tax Support, with a service that is accessible to everyone in the community; ensuring that customers receive all the allowances to which they are entitled. As an essential part of this service provision, the prevention and detection of fraud remains high on the Council's agenda.

Partnership working with the Police and other external agencies demonstrates our commitment to tackle fraud on a larger scale and demonstrates good governance.

Haley Garstang Corporate Fraud Manager	Tel. 01772 906388	Customer Services Directorate
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APPENDIX A

Preston Counter Fraud Activity Performance 2019/20

	Year	Target	Achieved
Overpayments	2019/20	£45,000	£59,093.51

Financial Source	Overpayments Identifid	Weekly Savings (estimated “future” savings)
Council Tax Reduction Scheme	£320.90	£20.23
Housing Benefit	£337.05	£48.15
Council Tax	£6,335.13	£173.50
Business Rates	£52,100.43	£679.00
Totals	£59,093.51	£920.88 (X52 = £47,885.76)