



## INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
SHARED SERVICE	AUDIT AND STANDARDS COMMITTEE	13 JUNE 2019	8
COUNTER FRAUD (ANNUAL REPORT)			

### 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 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 1<sup>st</sup> 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 2018/19 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 2018/19.

### 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 1<sup>st</sup> 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 Council and was 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 29<sup>th</sup> April 2019.

The team has an excellent working relationship with Lancashire Police, participating in Operation GENGGA, 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 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 the CET found overpayments totalling £94,787.28.

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 £1,471.13, providing estimated “future” savings for 2018/19 of £76,498.76. 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 2018/19. From 10<sup>th</sup> June 2019 the legislation regarding surveillance changes to The Investigatory Powers Act (IPA).

The team undertook two pro-active drives relating to false claims for Small Business Rate Relief (SBRR). The first drive involved inspecting properties claiming relief and identifying empty properties that would not be eligible for relief. The second drive involved working with a Preston based company, Destin Solutions, to use open source data to identify false claims for relief, where the business also occupied undeclared premises elsewhere. These drives contributed to an increase in Business Rates overpayments from £20,883.79 in 2017/18 to £60,374.64 in 2018/19. The CET is now recognised nationally as being at the forefront of business rates fraud investigation and was highly commended for this work in the “Prevent” category of the Fighting Fraud and Corruption Locally Awards in March 2019.

## **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 1<sup>st</sup> 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.

## **REASONS FOR DECISION**

This report is produced for perusal and comment by Members. It provides performance evidence for the Corporate Enquiry Team, in conducting counter fraud activity.

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

Not applicable

**REASON FOR INCLUSION IN PART B, IF APPROPRIATE**

Not applicable

**Contact for further information:**

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**APPENDIX A****Preston Counter Fraud Activity****Performance 2018/19**

	<b>Year</b>	<b>Target</b>	<b>Achieved</b>
Overpayments	2018/19	£45,000	£94,787.28

<b>Financial Source</b>	<b>Overpayments</b>	<b>Weekly (estimated savings)</b>	<b>Savings “future”</b>
Council Tax Reduction Scheme	£12,291.30	£155.42	
Council Tax Benefit	£959.32		
Housing Benefit	£1,492.57	£134.85	
Council Tax	£19,669.45	£400.86	
Business Rates	£60,374.64	£780.00	
<b>Totals</b>	<b>£94,787.28</b>	<b>£1,471.13</b>	<b>(X52 = £76,498.76)</b>