

# INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
SHARED CORPORATE FRAUD SERVICE	AUDIT AND GOVERNANCE COMMITTEE	20 <sup>th</sup> JULY 2023	8
<b>CORPORATE FRAUD TEAM REPORT 2022/23</b>			

## 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 2022/23 in this specialist area of work.

### SOURCE OF INFORMATION

Internal - Shared Corporate Fraud Team

### WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

No decision is 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 2022/23 and to note the Business plan for 2023/24.

### 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**

The Corporate Enquiry Team was established 1<sup>st</sup> June 2015 and consists of seven staff, including a Manager, one full time Investigator, one part time Investigator, one full time Compliance Officer, one full time Enforcement Officer/Investigator, one Administrative Officer and a part time Apprentice. The staff continue to be employed by Preston City Council and resources are shared between the three authorities providing Fylde with full time equivalent (FTE) staff resources of a Manager (0.2), Investigators (0.3) and a Compliance/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 for the first year of its operation. 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 re-commenced on 29th April 2019 however, the Covid19 Pandemic saw DWP investigators redeployed to priority benefit processing services temporarily. As at January 2022 DWP investigation staff are gradually returning to investigation duties however, their initial area of focus is Universal Credit.

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 2022 to 31st March 2023 the Corporate Enquiry Team found overpayments for Fylde Council totalling £87,564.44.

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 £1486.29, providing estimated “future” savings for 2022/23 of £77,287.08 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 2022/23. From 10th June 2019 the legislation regarding surveillance changes to The Investigatory Powers Act (IPA).

Covid19 had a significant impact on the teams operations, from February 2020 all formal action was suspended and businesses across Fylde were mandated to close for long periods of time throughout the pandemic which had an impact on the usual areas of focus for the team. 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 Business Rates with the administration of business rate grants. As restrictions were lifted in 2022 the team began to return to normal duties.

Covid19 saw a new area of fraud for the team to investigate with the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund introduced on the 17th March 2020, followed by multiple other grant scheme including but not limited to; Local Lock Down Grants, Discretionary Grants and Restart Grants. Investigations in this regard are 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.

## **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**

Haley Baron Corporate Fraud Manager	Tel. 01772 906388	Customer Services Directorate
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**APPENDIX A****Fylde Counter Fraud Activity  
Performance 2022/23**

	<b>Year</b>	<b>Target</b>	<b>Achieved</b>
<b>Overpayments</b>	2022/23	£55,000	£87,564.44

<b>Financial Source</b>	<b>Overpayments</b>	<b>Weekly Savings (estimated "future" savings)</b>
Council Tax Reduction Scheme	£10,975.99	£81.11
Housing Benefit	£33,604.03	£235.76
Council Tax	£32,984.42	£1,169.42
Covid Business Grant	£10,000.00	£0.00
<b>Totals</b>	<b>£87,564.44</b>	<b>£1,486.29 (X52 = £77,287.08)</b>