

## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	28 JUNE 2021	5
<b>CORPORATE FRAUD SERVICE</b>			

### PUBLIC ITEM

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

### SUMMARY

Members are reminded since 2015, the council has participated in a shared Corporate Fraud service with Preston and Lancaster Councils following the transfer of the existing Benefit Fraud resource to the Department for Work and Pensions (DWP) from 1 June 2015, to form part of a Single Fraud Investigation Service (SFIS).

This current arrangement overs a three year period which now, subject to the committee's agreement, falls to be extended.

### RECOMMENDATIONS

1. To agree to the continuation of a shared Corporate Fraud Service, under a further three year Service Level Agreement with Preston City Council for it to be the employing authority for a corporate fraud team, covering Fylde, Lancaster and Preston Councils

### SUMMARY OF PREVIOUS DECISIONS

Cabinet - 24 September 2014 - Cabinet approved an extension of the arrangements for the shared benefit fraud service with Preston City Council

Cabinet – 11 February 2015 –

1. To agree in principle to the establishment of a Shared Corporate Fraud Service with Preston and Lancaster Councils;
2. To note the successful joint bid for set up funds from the government in a sum of £125,750
3. To authorise the Director of Resources to enter into further discussions with Preston and Lancaster Councils on a detailed service level agreement and bring a report back to Members in due course
4. To note the savings estimated to be generated from participation in the proposed shared service set out in the report.

Cabinet – 25 March 2015 –

1. To approve the draft three-year Service Level Agreement (SLA) which would result in the establishment of a Shared Corporate Fraud Service with Preston and Lancaster Councils and authorised the Director of Resources, in consultation with the portfolio holder, to conclude the final negotiations regarding the SLA.
2. To note that the provision of this service would be treated as an exempt contract under the Council's contract procedure rules for the reasons stated within the covering report.

Finance and Democracy Committee – 19 February 2018

1. To agree to the continuation of a shared Corporate Fraud Service, managed by a Shared Head of Internal Audit, with Preston City Council;
2. [...]
3. To approve a further three year Service Level Agreement with Preston City Council for it to be the employing authority for a corporate fraud team, covering Fylde, Lancaster and Preston Councils

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	√
Environment – To deliver services customers expect	√
Efficiency – By spending money in the most efficient way	√
Tourism – To create a great place to live and visit	√

## REPORT

### Shared Service for Fraud

1. Local Authorities have a duty to safeguard public funds and to take responsible steps to ensure that any public money is paid to the right people at the right time and any grants or discounts are paid to the persons entitled to them. If fraud is suspected, authorities are tasked with actively investigating allegations. Fylde, Preston and Lancaster councils presently operate a shared fraud service across the three councils to address this financial stewardship obligation.
2. The shared service was formed after responsibility for housing benefit fraud passed to the [Single Fraud Investigation Service](#). It has a remit for investigating fraud, bribery and corruption by employees, members, contractors, consultants, suppliers, service users and members of the public who have dealings with the Council. In summary the shared service is responsible for :
  - Prevention, detection, investigation and prosecution of all fraud against the Council
  - Assisting the HR team with appropriate disciplinary matters
  - Providing assurance that the risk of fraud is minimised wherever possible and promoting a culture of zero-tolerance to fraud
  - Working within Internal Audit on any matters regarding Risk and Fraud affecting the Council
3. Over the past two years, the tangible overpayments recovered by the shared service in relation to Fylde have been:

2019-20 – £59,094  
2020-21 - £63,067

This is set against a recovery target of £45,000 per year.
4. Significant proactive areas of work include pro-actively investigating claims to small business rates relief (SBRR) made wrongly for empty properties, and scrutinising council tax single person discount claims by data matching under the National Fraud Initiative.
5. Fraud Awareness training is periodically delivered to Fylde officers to raise awareness of corporate fraud and assist in the promotion of zero-tolerance to fraud.
6. The shared service operates under a partnership agreement on a cost sharing basis. The present three-year agreement expired on 31 May, but is continuing to be provided pending the formal extension of the arrangement. The projected cost for 2021-22 of the service to Fylde Council is £32,420 per annum and it is recommended that the council renews its agreement from 1 June 2021 for a further three-year period.

### Financial Implications

7. The cost of the ongoing Corporate Fraud Service as proposed in this report will be met from existing revenue budget provision.

**IMPLICATIONS**

Finance	The proposals as set out in this report for the continuation of the shared corporate fraud service with Preston and Lancaster City Councils can be met from existing revenue budget provision.
Legal	No implications arising from this report
Community Safety	No implications arising from this report
Human Rights and Equalities	No implications arising from this report
Sustainability and Environmental Impact	No implications arising from this report
Health & Safety and Risk Management	No implications arising from this report

**LEAD AUTHOR****CONTACT DETAILS****DATE**

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**BACKGROUND PAPERS**

Name of document	Date	Where available for inspection
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