

AUDIT COMMITTEE

Counter Fraud – Annual Report 2015/16 29 June 2016

Report of the Corporate Fraud Manager

PURPOSE OF REPORT

To inform the Committee of the extent and outcome of counter fraud work during the 2015/16 financial year.

This report is public

RECOMMENDATIONS

1. That the report is noted.

1.0 Introduction

- 1.1 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 on 1st June 2015, the Council made a decision to form a Corporate Fraud Team, 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 and Business Rates. The Corporate Fraud, or Corporate Enquiry Team (CET) as it is also known, also works in partnership with Social Housing providers to investigate tenancy fraud.
- 1.2 The Corporate Fraud Manager made a presentation to the Committee on 20th January 2016 on the team's counter fraud activity. This report follows on from that presentation, detailing performance and counter fraud activity undertaken by the Fraud Team/Corporate Enquiry Team during 2015/16 in this specialist area of work.

2.0 Report

- 2.1 Early in 2015, the Council supported a bid by Preston City Council for funding from the Department for Communities and Local Government (DCLG) to set up a shared Corporate Enquiry Team, with the partners being Preston City Council, Lancaster City Council and Fylde Borough Council. The bid was successful and £125,750 was awarded towards the cost. This team effectively replaced the former Benefit Fraud Team hosted by Preston City Council, with six staff from the share service transferred to the Department for Work and Pensions (“DWP”) on 1st June 2015.
- 2.2 At the same time, the Corporate Enquiry Team was established and consists of five staff, including a Manager, two Investigators and two Administrative Officers. The staff continue to be employed by Preston City Council and resources are shared between the three authorities, giving Lancaster full time equivalent staff of Manager (0.4 fte), Investigator (0.7 fte) and Administrative Officer (0.8 fte).
- 2.3 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
- 2.4 The Corporate Enquiry Team strives to prevent and detect as much Council Tax Support fraud as possible, working with outside agencies such as the Department for Work and Pensions, HM Revenues & Customs, Police and Immigration when appropriate. Currently no joint working arrangements are in place with DWP due to their national policies. However, this may change in the next twelve months as some pilot exercises are underway to explore the possibility of this being re-introduced.
- 2.5 The team acts as Single Point of Contact (SPOC) for providing information on Housing Benefit investigations to DWP. This is work which would otherwise have been allocated to the Benefit Assessment team.
- 2.6 The team has an excellent working relationship with Lancashire Police and acts as SPOC for Police Data Protection Act requests.
- 2.7 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 process, forms and procedures.
- 2.8 The team are also members of the Institute for Revenues, Rating and Valuation (IRRV) and Local Authorities Investigation Officers Group (LAIOG) in order to share best practice and receive information on up and coming initiatives. They work closely with all Lancashire Authorities and benchmark in fraud work, meeting regularly to discuss common problems and best practice.

PERFORMANCE

2.9 Performance data is detailed as below:

	Year	Target	Achieved
Overpayments	2015/16	N/A	£166,565.10
Sanctions	2015/16	N/A	15

- 2.10 From 1st April 2015 to 31st May 2015 the Housing Benefit Fraud Team achieved 8 sanctions at Lancaster, consisting of 2 financial penalties with a value of £1990.67, 4 cautions and 2 prosecutions. In the same period Housing Benefit and Council Tax Support overpayments of £104,711.65 were recorded. However, live investigations of Housing Benefit claims were transferred by secure courier to the Department for Work and Pensions on 31st May 2015.
- 2.11 From 1st June 2015 to 31st March 2016 the new Corporate Enquiry Team achieved 7 sanctions at Lancaster, consisting of 1 financial penalty with a value of £100 and 6 cautions. In the same period overpayments of £61,853.45 were identified, consisting of Benefit, Council Tax Support and incorrect Council Tax discounts/exemptions. Two Council owned properties were recovered from tenants who were sub-letting properties to family members.
- 2.12 The team has undertaken pro-active work by reviewing high risk claims for Council Tax Support.
- 2.13 A management checking regime is in place, structured to monitor performance and compliance with legislation. This process includes:-
- 1-2-1's with all 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;
 - A review of all "Interviews Under Caution" before prosecution is considered;
 - A full management check on all sanction cases; and regular checks are undertaken of fraud officer's pocket notebooks.
- 2.14 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 in 2015/16.
- 2.15 The team has delivered corporate fraud awareness training to Customer Services staff at Lancaster. Additionally the team has provided training to local social housing providers on The Prevention of Social Housing Fraud Act (POSHFA) (2013) and tenancy fraud. These included Places for People, Your Housing Group, Great Places, Progress Housing Group and Housing Officers from Lancaster City Council.

3.0 Details of Consultation

3.1 No specific consultation has been undertaken in compiling this report.

4.0 Options and Options Analysis (including risk assessment)

4.1 None – the report is for noting.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The Benefits Service has a major impact upon the wellbeing of the poorer members of the local community. The Council is committed to protecting the gateway to 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.

FINANCIAL 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 Shared Service work, and delivers value for money in this new area. It should be noted that the Chancellor announced plans in his autumn statement for Councils to keep the Business Rates they collect from 2020. The Council recognises the impact that collection of Business Rates will have on its finances in future and the Corporate Enquiry Team will seek to ensure that income from business rate is maximised by dealing with fraud in the system.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

None arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

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