

Chichester District Council

CORPORATE GOVERNANCE & AUDIT COMMITTEE

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Fraud Prevention Report 2017/2018

1. Contacts

Report Author:

Jeremy Todd, Corporate Counter Fraud Officer

Tel: 01243 785166 x4590 E-mail: jtodd@chichester.gov.uk

2. Recommendations

- 2.1. The committee is requested to consider this report and the corporate approach to fighting fraud to ensure they fulfil their stewardship role and protect the public purse.**
- 2.2. The committee notes that the Council will actively pursue potential frauds identified through ongoing investigations by the Corporate Counter Fraud Team (CCFT).**

3. Background

- 3.1 The Corporate Counter Fraud Officer (CCFO) post was created in 2015. This followed the decision to transfer all benefit fraud work, and all benefit fraud investigators employed by local authorities, to the Department for Work and Pensions. This position was filled by an experienced investigator previously employed on the Housing Benefit Fraud Team.

4. Outcomes to be achieved.

- 3.1 This report aims to give assurance on the arrangements in place for the prevention and detection of fraud within the council.
- 3.2 That there are adequate resources available to carry out all investigations and identify risk of potential fraud in all services throughout the council.

5. Proposal

- 5.1. For councillors and others responsible for audit and governance to review the counter fraud arrangements on an annual basis.

6. Alternatives that have been considered

6.1. None.

7. Resource and legal implications

- 7.1. During the budget process it was identified that additional resources were required by the team, and in November 2017 approval was given to recruit an Assistant Corporate Counter Fraud Officer (ACCFO); this post has been filled on a job share basis with two ACCFO's working 18.5 hours each.
- 7.2. In order to fulfil legal requirements, the CCFO is fully conversant with the Police and Criminal Evidence act (PACE), Fraud Act 2006 and Data Protection Act 1998. In addition, has full knowledge of Regulation of Investigatory Powers Act (RIPA).

8. Consultation

7.1 None.

9. Community impact and Corporate risks

- 9.1. Having a CCFT at Chichester District Council reassures the community that the Council is doing all it can to protect tax-payers money.
- 9.2. The only corporate risk to the council is one of capacity, as there are currently only 2 FTE posts to cover all of the council's services.

10. Main Report

Achievements to Date

- 9.1 Every year the Council needs to review any long-term empty homes in the district, this is because the new homes bonus paid from central government, takes into account the empty homes within the district and a reduction is made to the bonus paid. Prior to 2016, there were no resources within the council to undertake this work, it was therefore outsourced at a cost of £14,305 in 2015. Since 2016 the CCFO has taken on this project (immediately saving the previous outsourcing cost) working closely with the Council Tax inspectors. In 2017 the project identified 115 properties that should not have been listed as long term empty as they had been brought back into use. This resulted in additional monies for the council of £151,738.
- 9.2 The National Fraud Initiative (NFI) is a bi-annual exercise that matches data from various sources both within the council and other public sector bodies. The CCFO is the key contact for this; ensuring that all the data is uploaded on time and that when received all the matches are reviewed by various departments within the authority. The CCFO also gives advice on how to evaluate any data matches. One

of the matches looks at the Housing waiting list, 2017 was the first time that this data criteria has been produced, and the results were reviewed by the Homemove Officer after advice from the CCFO. The data matching exercise uses various sources to indicate where a customer may already have an address elsewhere. As a result of the Homemove Officer working on this match 82 people were removed from the waiting the list. The Cabinet Office states that removing somebody from a waiting list saves a council £3,240 in various costs. Therefore the action from the Housing Team saved £265,680

- 9.3 The CCFT is responsible for looking at the matches that indicate a Council Tax Single Person Discount of 25% may be incorrectly awarded. Unlike the other NFI data matches this exercise is undertaken on an annual basis. Last year (2017) the Single Person Discount database was matched against the electoral roll and found £133,259 of incorrectly awarded Single Person Discount. The 2018 match is currently underway. This year the match also uses data provided by a credit reference agency, which so far it has identified £94,240 of incorrectly awarded discount.
- 9.4 The CCFT identified a further £7,390 in incorrectly awarded Single Person Discount in cases where there was a referral of fraud direct from the Revenue Services team or from the Public. Additionally, £2841 of incorrectly awarded Council Tax Reduction was identified.
- 9.5 The CCFT remain available for all departments and to date have worked with; Housing Benefits, Revenues, Human Resources, Chichester Contract Services, Car Parks, Environmental Health and Housing.

The Year Ahead

- 9.6 The 2018 Single Person Discount match will continue being worked on throughout the year. In October the CCFO will be responsible for uploading all of the data for the 2019 match that will be released in January 2019. After the success of the Housing Wait list match it is anticipated that the CCFT will work more closely with the Homemove officer in order to prosecute those that have made false applications for housing.
- 9.7 The Empty Home review will again be carried out in August and September.
- 9.8 The Department for Work and Pensions have been trialling joint working with local authorities in order that the authority investigates Council Tax Reduction Fraud, jointly with the DWP, who will look at the rest of the benefits being received. This will be rolled out in the Autumn of 2018 which will result in an increased workload for the CCFT.
- 9.9 The CCFT has started looking at Non-Domestic Rate fraud and has a number of new investigations. This is a relatively new area of work. It is a crucial area for the council as it is a major area of funding. The Revenues team are being encouraged to highlight any suspicions to the CCFT and it is hoped that this area will expand over the coming year to maximise income for the council.

- 9.10 Future resource plans will be drawn up to identify and prioritise all counter fraud work and will establish those areas with the biggest potential savings.
- 9.11 Mitigating the risk of fraud and corruption is the responsibility of management. Corporate and service specific risks identified are recorded in a corporate risk register. Internal Audit have a four year and annual plan on a risk based approach which is reviewed and updated annually thus responding to new risks as they arise. However, audit procedures alone cannot guarantee that fraud or corruption will be detected.
- 9.12 The council has a Whistleblowing Policy, which was reviewed and updated in January 2016. No cases were identified through this media during 2017-18.
- 9.13 The CCFT continues to have an important part to play in identifying potential losses and this has already been demonstrated by the savings already achieved.

10 Conclusion

- 10.1 Overall, the council continues to operate within a robust framework of policies and procedures. This is intended to direct the activity of the council and ensure transparency and accountability. Responsible officers are expected to ensure those effective internal control arrangements are in place. Internal Audit is responsible for reviewing these controls annually in order to give assurance to those charged with governance and the CCFO is responsible for investigating and reporting on any offences against or within the council.

11 Appendices

- 11.1 None

12 Background Papers

- 12.1 Fighting fraud and corruption locally: the local government counter fraud and corruption strategy 2016 to 2019.