

Chichester District Council

CORPORATE GOVERNANCE & AUDIT COMMITTEE 28 September 2017

Fraud Prevention Report 2016/2017

1. Contacts

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2. Recommendations

- 2.1. That 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. That the Committee notes that the Council will actively pursue potential frauds identified through ongoing investigations by the Corporate Counter Fraud Officer (CCFO).**

3. Background

- 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.
- 3.3 The CCFO post was created in 2015 following the transfer of the Benefit Fraud Team to the Department for Work and Pensions. This position was filled by an experienced investigator previously employed on the Housing Benefit Fraud Team.

4. Outcome

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

5. Alternatives that have been considered

- 5.1. None

6. Legal implications

- 6.1. 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).

7. Consultation

7.1 None

8. Community impact and Corporate risks

- 8.1 Having a CCFO at Chichester District Council reassures the community that the Council is doing all it can to protect tax payers money.
- 8.2 The only corporate risk to the council is one of capacity, as there is currently only one FTE post to cover all of the council's services.

9. Main Report

Achievements to Date

- 9.1 In January 2016 an exercise was started by the CCFO looking at the Council Tax single person discount of 25%. This exercise involved using data provided by an external credit scoring company to identify cases where there was more than one adult in the property. The exercise concluded in November 2016 and identified £51,375 of incorrectly awarded single person discount.
- 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 is responsible for looking at the matches that involves the data provided by the Electoral Roll and the data from Council to again identify cases where Single Person Discount may have been incorrectly paid. This exercise started in January 2017 and has so far identified a further £64,354 of incorrectly awarded single person discount.
- 9.3 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. The figure paid to Capacity Grid in 2015 for this piece of work was £14,305. In 2016, the CCFO took on this project (immediately saving the previous outsourcing cost) and worked with the Council Tax inspectors to identify 182 properties that should not have been listed as long term empty as they had been brought back into use. This resulted in additional finance for the council of £235,360.
- 9.4 In 2015/16 the cost of clearing up Fly Tips within the district was £41,090 This cost increased significantly to £74,299 in 2016/17. In October 2016 the CCFO started investigating Fly Tipping. So far this had led to; one successful prosecution, two further summonses being issued (with court dates scheduled) and two more cases authorised for prosecution. A further two Fixed Penalty Notices (FPN) have been issued and paid in full, with a further two fixed penalty notices offered (they are

offered as an alternative to prosecution). The successful cases have been publicised by the local media and one of the cases in particular gathered a lot of attention in both the local and national press. Further successes have come in cases not suitable for prosecution or a FPN. In one case, as a result of the investigation, a local business has entered into a waste contract with the council (worth over £1000 per year) and in another case, the council's clean-up costs were paid by a local business.

- 9.5 The CCFO remains available for all departments and to date has worked with; Housing Benefits, Revenues, Human Resources, Chichester Contract Services and Car Parks.

The Year Ahead

- 9.6 NFI will continue throughout the year and the Empty Home Review will again be carried out during August and September 2017 (although the grant paid by the Government is being reduced in size).
- 9.7 Fly Tipping is still increasing which will mean more investigations.
- 9.8 The Department for Work and Pensions have been trialling joint working with local Authorities in order that Local Authority investigates Council Tax Reduction Fraud, jointly with the DWP who will look at the rest of the benefits being received. If rolled out, this may result in a considerable amount of investigations for the CCFO.
- 9.9 Additionally, the following have been identified as areas to be explored and have been highlighted as a risk that could lead to possible fraud in the Department for Communities and Local Governments Fighting Fraud and Corruption Locally 2016-19 (published March 2016).
- Housing Fraud - this is a national issue and although Chichester does not have any housing stock, it does control the housing waiting lists, which were identified as a potential risk
 - Other areas also identified in the report were; Non Domestic Rate Fraud, Staffing Fraud and Procurement Fraud

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.

- 9.10 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 three 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.
- 9.11 The council has a Whistleblowing Policy, which was reviewed and updated this year. No cases were identified through this media during 2016-17.
- 9.12 The CCFO 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 <http://www.cipfa.org/services/counter-fraud-centre/fighting-fraud-and-corruption-locally>