

# Chichester District Council

## CORPORATE GOVERNANCE & AUDIT COMMITTEE 30<sup>th</sup> June 2016

### Fraud Prevention Report 2015-16

#### 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 Officer (CCFO).**

#### 3. Summary

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.

#### 4. Proposal

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. Resource and legal implications

6.1. A CCFO was appointed on the 30<sup>th</sup> November 2015 and is funded from existing budgets. The post was filled by an experienced investigator previously employed on the Housing Benefit Fraud Team.

6.2. In order to fulfil legal requirements, the CCFO is fully conversant with PACE, Fraud Act 2006 and Data Protection Act 1998. In addition has full knowledge of RIPA.

## **7. Consultation**

7.1 None

## **8. Community impact and Corporate risks**

- 8.1 The appointment of the CCFO 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; there is currently only 1 FTE post to cover all of the council's services.

## **9. Main Report**

### **Achievements to Date**

- 9.1 Up to 30<sup>th</sup> November 2015 Chichester District Council had a benefit fraud team that consisted of; one manager and two investigators. The sole purpose of the team was to investigate Housing Benefit and Council Tax Reduction Fraud and the cost of this service was partly funded by the benefits administration grant.
- 9.2 From 1<sup>st</sup> April 2015 to 30<sup>th</sup> November 2015 the councils benefit fraud team successfully investigated 59 cases of benefit fraud which identified total recoverable overpayments of £272,567.82. Also during this period the team reported a total of 31 sanctions; 6 were successfully prosecuted, 24 had administrative penalties and 1 was cautioned. The locally set target for the same period was 24 sanctions.

These outcomes were achieved, despite losing an experienced investigator and with the uncertainty of the impending transfer.

- 9.3 On 30<sup>th</sup> November two members of the team transferred, with the benefit fraud investigation work to the Department for Work and Pensions (DWP). The third team member was appointed to the new post of CCFO. The remit of this position is to prevent and detect fraud and corruption against and within Chichester District Council (with the exception of Housing benefit Fraud).
- 9.4 In order to promote the role of the new CCFO, there was a plan put in place to communicate and encourage services to think about the possible risks within their own service and this was achieved by:
- setting up initial meetings with all departments,
  - arranging free training sessions, available to all, on counterfeit and forged passports and documentation, provided by Border Force, and
  - communicating with both internal and external partners, such as; the Police and local Housing Associations
- 9.5 Whilst all Housing Benefit Fraud work was transferred to the DWP, no provision was made for investigating Council Tax Reduction Fraud. This work is being

undertaken by the CCFO and is currently ongoing. So far, one case progressed to prosecution, resulting in; an incorrectly awarded reduction of £3,848.42, a successful conviction, the guilty person fined £600 and ordered to pay full costs to the Council.

- 9.6 Work has also been undertaken on Housing Fraud and an investigation carried out on a false tenancy application. However, it was not taken any further due to time bar restrictions but the initial investigations did result in financial savings to the council, as it established that a single persons discount had been incorrectly claimed. There has also been an investigation on behalf of, one of the Local Social Housing Associations, which involves an illegal tenancy swap. A report has been provided to the Housing Association and this work may lead to the two properties being recovered and reallocated to people who are currently on the council's housing waiting list.
- 9.7 A majority of the work so far undertaken by the CCFO, has been on Council Tax, in particular the single person discount. A data match exercise indicated a potential 763 properties in the district, all receiving this discount, where there could be another adult in the household. The CCFO is currently looking at each of these and so far has identified previously underpaid Council Tax of £19,975.27, as well as a further £10,211.02 in savings for the current financial year.
- 9.8 Following on from the initial discussions with the departments, a number of 'fact finding' days were spent with the teams looking at potential areas of concern, for further consideration, including: illegal fly tipping and avoidance of NDR.

### **The Year Ahead**

- 9.9 Every two years the National Fraud Initiative (NFI) data matching is undertaken. The data report for 2016/2017 is due imminently. The CCFO will take responsibility for this exercise and will report on the outcomes.
- 9.10 Every year work is required to ensure that the council maximises the New Homes Bonus it receives from Government. This involves confirming that homes declared as empty and unfurnished, actually are. Previously, there has been no resource available to carry out this work and so the council has paid Capacity Grid, an external company, to undertake this exercise. During 2016-17, this work will be undertaken by the CCFO, resulting in an immediate saving of £14,305.76. This exercise will take approximately six weeks and will involve weekend and out of hours work and will be the sole focus of the corporate fraud for this period.
- 9.11 Additionally the following have been identified as areas to be explored and highlighted as a risk in the Fighting Fraud and Corruption Locally 2016-19 report, which could lead to possible fraud.
- Housing Fraud - this is a national issue and although Chichester council 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 additional counter fraud work, this will establish those areas with the biggest potential losses.

- 9.12 The council is responsible for clearing up fly tips across the district at a considerable cost to the council. The stats for the first quarter of this current year, already show more than 50% increase on the 618 fly tips that were cleared for 2015/16. The CCFO aims to investigate the incidents with the aim of prosecuting offenders and claiming back all clear up costs.
- 9.13 Mitigating the risk of fraud and corruption is the responsibility of management. All risks identified are recorded in a corporate risk register. Internal Audit establish their 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.
- 9.14 The council has a Whistleblowing Policy, which was reviewed and updated this year. No cases were identified through this media during 2015-16.
- 9.15 The CCFO continues to have an important part to play in identifying potential losses and this has already demonstrated that this position is self-funding 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**

- 10.1 None

## **12. Background Papers**

- 11.1 None