

# Chichester District Council

## CORPORATE GOVERNANCE & AUDIT COMMITTEE

27 September 2021

### Fraud Prevention Report 2020/2021

#### 1. Contacts

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#### 2. Recommendations

- 2.1. **The committee is requested to consider this report and the corporate approach to fighting fraud to ensure that 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 Investigations Team (CIT).**

#### 3. Background

- 3.1 In 2019/20 it was estimated that Local Authorities uncovered £239.4m of fraud, however this amount is thought to be the tip of the iceberg. Firstly, this is only the uncovered fraud, and secondly (from data in 2019) only 40% of Local Authorities employ dedicated Counter Fraud teams. This is due to the decision to transfer all investigators employed by Local Authorities to the Department for Work and Pensions from 2015. At that time the Council created the role of a Corporate Investigations Officer (CIO) so that it retained the required skills and knowledge to protect all services within the Council from potential fraud. The position was filled by an experienced investigator previously employed on the Housing Benefit Fraud Team. Due to an increase in the work required, additional resources were added to the team from November 2017 when an Assistant Corporate Investigations Officer (ACIO) was recruited (made up of two people in a job share).
- 3.2 There are a number of tasks that are the responsibility of the CIO. The National Fraud Initiative (NFI) is a biennial exercise that matches data from various sources both within the council and other public sector bodies. The matches are released in January and are reviewed on a calendar year basis. The CIO 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 the relevant service departments. The CIO gives advice as necessary on the evaluation of any data matches. Additionally there is a yearly NFI match that looks at Council Tax payers who receive a Single Person Discount.

- 3.3 Every year the Council needs to review any long term empty homes in the district to confirm whether the properties remain empty. 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, this work was outsourced at a cost of £14,305 in 2015. Currently this work is done by the CIO in conjunction with Revenues.

#### **4. Outcomes to be achieved.**

- 4.1 This report aims to give assurance on the arrangements in place for the prevention and detection of fraud within the council.
- 4.2 To confirm that there are adequate resources available to carry out all investigations and identify the risks of potential frauds across all council services.

#### **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. In order to fulfil legal requirements, the CIO is fully conversant with the Police and Criminal Evidence act (PACE), Fraud Act 2006 and Data Protection Act 1998. In addition the CIO has full knowledge of the Regulation of Investigatory Powers Act (RIPA).

#### **8. Consultation**

- 8.1 None.

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

- 9.1 Having a Corporate Investigations Team (CIT) at Chichester District Council reassures the community that the Council is doing all it can to protect tax payers money.
- 9.2 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 plan and an annual plan produced 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.

- 9.3 Covid 19 has had a major impact on the work the investigation team has been able to undertake since March 2020. Face to face interviews have been stopped and joint working with the Department of Work and Pensions (DWP) has been postponed as the DWP investigators have been redeployed.

## 10. Main Report

### Achievements to Date

- 10.1. In 2020 the CIO, working closely with the Revenue Inspectors on the Empty Home Review project, identified 177 properties that should not have been listed as long term empty because they had been brought back into use. This resulted in additional funding for the Council of £288,395.
- 10.2. The CIT is responsible for looking at the NFI matches that indicate that a Council Tax Single Person Discount of 25% may have been incorrectly awarded. Unlike the other NFI data matches this exercise is undertaken on an annual basis. Last year (2020) the Single Person Discount database was matched against credit reference data. The subsequent investigation of the matches has so far (with a few results to finalise) found £235,352 of incorrectly awarded Single Person Discounts and Council Tax Reductions. The 2021 match is currently underway. This year the check is matching against the electoral roll. So far it has identified £80,255 of incorrectly awarded discounts and benefits.
- 10.3. The biennial NFI matches have now been received and are currently being worked on. The first of the matches completed is a review of the Housing Waiting List. Working with the Homemove Officer, the CIO reviewed the match results and established that 53 people on the list should no longer be on there. They were subsequently removed from the list. The Cabinet Office estimates that removing somebody from a waiting list saves a council £3,240 in various costs, so it is estimated that this action has saved the council £171,720.
- 10.4. The CIT have been heavily involved in the checking of Covid Business Rates Grants, carrying out checks on applications and investigating any grant applications that have been flagged as suspicious. The pre payments checks have confirmed whether the grant applicant is eligible and that the grant is to be paid to the correct person. The investigations (following referrals) have so far prevented two grants being incorrectly paid saving the taxpayer £20,000.
- 10.5. In 2020/2021 the CIT identified a further £4,298 of incorrectly awarded Single Person Discounts, incorrectly awarded benefits and establishing new liabilities for Council Tax. These are cases where there was a referral direct from the Revenue Services team or from the public. One case was successfully prosecuted (jointly with the DWP) leading to a fine for the council tax payer.
- 10.6. With opportunities for fraud increasing due to the additional grants being made available, the CIO has carried out fraud awareness training with the revenues

teams to assist them in spotting potentially fraudulent applications from the outset.

## **11. The Year Ahead**

- 11.1. The 2021 NFI matches will continue being worked on throughout the year.
- 11.2. The Empty Home Review is being carried out during August and September 2021.
- 11.3. In October 2018 the CIT started working jointly with the Department for Work and Pensions (DWP) on cases of fraud that affect both CDC and the DWP. A number of investigations have already taken place. However Covid 19 has temporarily paused the joint working as DWP investigators have been moved to other duties and are unlikely to return to their roles before September 2021. Joint interviews under caution have been postponed and cases that are with the Crown Prosecution Service are on hold.
- 11.4. The CIT remains available for referrals from all departments, and to date the team have worked with; Housing Benefits, Revenues, Human Resources, Chichester Contract Services, Car Parks, Environmental Health, Housing and Finance.
- 11.5. Future resource plans will be drawn up to identify and prioritise all counter fraud work and will establish those areas with the biggest potential fraud risk.
- 11.6. The Council has a Whistleblowing Policy, which was reviewed and updated in April 2018. No cases were identified through this media during 2019/2020, although this does not include anonymous fraud referrals received by the CIT.
- 11.7. The CIT continues to have an important part to play in identifying potential losses and this has already been demonstrated by the estimated outcomes totalling £800,020 that have been detailed in this report.

## **12. Conclusion**

- 12.1. Overall, the Council continues to operate within a robust framework of policies and procedures. This framework is intended to direct the activity of the Council and its officers and ensure transparency and accountability. Responsible officers are expected to ensure that 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 CIO is responsible for investigating and reporting on any offences against or within the Council.

## **13. Appendices**

- 13.1. None

## **14. Background Papers**

- 14.1. None