

Chichester District Council

CORPORATE GOVERNANCE & AUDIT COMMITTEE

18th July 2022

Fraud Prevention Report 2021/2022

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.
- 3.2 To retain the required skills and knowledge to protect all services within the Council from potential fraud the Council in 2015 created the role of a Corporate Investigations Officer (CIO). In 2017 additional resources in of an Assistant Corporate Investigations Officer (ACIO) was added to the team.
- 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 approximately £14kin 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 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. DWP investigators returned to post in early 2022 and work with the DWP is gradually returning to normal.

10. Main Report

Achievements to Date

- 10.1. In 2021 the CIO, working closely with the Revenue Inspectors on the Empty Home Review project, identified 139 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 £229,841
- 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 (2021) the Single Person Discount database was matched against the Electoral Register. The subsequent investigation of the matches has so far (with a few results to finalise) found £135,709 of incorrectly awarded Single Person Discounts and Council Tax Reductions. The 2022 match is currently underway. This year the check is matching against credit reference date. So far it has identified £59,003 of incorrectly awarded discounts and benefits.
- 10.3. 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 completed confirmed whether the grant applicant was eligible and being paid to the correct person. Last year 3 grants totalling £34,046 were found to have been applied for in error and either the payment was stopped before payment or the money repaid. So far this year one grant totalling £8,000 has been deemed to have been paid in error and the money is in the process of being recovered. Another 15 cases have been investigated and identified as potentially being awarded in error and are awaiting a decision from the Revenue Services team.
- 10.4. In 2020/2021 the CIT identified a further £9,053 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.
- 10.5. 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 2022 NFI matches will continue being worked on throughout this year.
- 11.2. The Empty Home Review is due to be carried out during August and September 2022.
- 11.3. In October 2018 the CIT started working jointly with the Department for Work and Pensions (DWP) on cases of fraud that affect certain benefits paid by CDC and the DWP. The joint work only resumed in April 2022 post Covid-19, and there is a backlog of cases to be worked through, along with any new cases.
- 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, Licensing, 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 updated in 2018 and is reviewed annually. No cases were identified through this media during 2021/2022 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 £475,652 that have been detailed in this report. The majority of NFI matches occur every 2 years, and the yearly match for the single discount review uses different matching criteria each year, this makes it difficult to compare year on year results. Additionally in 2021 this annual report was published in September and included an extra 3 months of results. To underline the difference in financial outcomes of the work completed each year in 2021 £800,020 was identified compared to £326,491 in 2020.

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