

**Public**  
**Key Decision - No**

## **HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** Review of Fraud Investigation Activity 2019/20  
**Meeting/Date:** Corporate Governance Committee - 30 Sept 2020  
**Executive Portfolio:** Executive Councillor for Resources  
**Report by:** Corporate Fraud Manager  
**Ward(s) affected:** All

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### **Executive Summary:**

The Council's Anti-Fraud and Corruption Strategy sets out a requirement that a report shall be submitted on an annual basis to the Corporate Governance Committee detailing the work that has been undertaken by the Corporate Fraud Team (CFT).

During 2019/20, the CFT:

- Received 546 referrals
- Investigated and closed 348 cases and identified fraud valued at £671,310
- Recovered 6 social housing properties with two more pending
- Carried out 5 prosecutions
- Administered 147 Council Tax Penalties giving an income of £10k
- Administered 4 Administrative Penalties giving an income of £3.5k

### **Recommendation:**

The Corporate Governance Committee is invited to comment on the contents of this report which details the work that has been undertaken by the Corporate Fraud Team during 2019/2020.

## 1. PURPOSE OF THE REPORT

- 1.1 This report provides a summary of the activity of the Council's CFT in 2019/20 including the number of investigations undertaken, types of investigation and the value of the fraud identified.

## 2. BACKGROUND

- 2.1 The CFT plays a key role in ensuring that the Council meets its requirements under the Anti-Fraud and Corruption Strategy (AFCS) 2018-2021 by providing a comprehensive fraud service across the whole of the Council. The AFCS sets out the requirement for the Corporate Leadership Team to approve an annual business plan that sets out the priorities for the team. The priorities are based on the level of risk facing specific service areas within HDC and the AFCS.
- 2.2 The tables below show the outcomes of the work undertaken by the CFT in 2019-20 in line with the business plan.
- 2.3 The team consists of a manager, an investigation officer, and an intelligence / data analyst officer.
- 2.4 The CFT's main emphasis has been Council Tax Support (CTS), Single Person Discount (SPD) and Tenancy Fraud.

## 3. ANALYSIS/WORK UNDERTAKEN

- 3.1 The Corporate Fraud Team figures compared to last financial year:

	2018/19	2019/20
Allegations of fraud	580	546
Cases investigated	341	348
Cases where fraud was found	102(30%)	115(33%)
Social housing recovered	3	6
Prosecutions	9	5
Penalties/fines	34	147

The value of the fraud established for HDC administered services is broken down as follows:

	Fraud identified	Future 12month saving
Council Tax Support	£13,345	£11,100
Council Tax SPD	£51,565	£102,000
Housing Benefit *	£48,400	
Council Tax Fines issued	£10,290	
Administrative Penalties issued	£3,500	

Value of social housing recovered**	£558,000	

\*During the investigation of CTS and SPD cases, the team regularly find discrepancies in Housing Benefit and DWP benefits, details of which are passed on to the DWP to deal with. As this fraud would unlikely have been identified without HDC input, the value of this fraud is included in the figures above.

\*\* This figure has been taken from the Chartered Institute for Public Finance and Accountancy (CIPFA) Fraud and Corruption Tracker Report 2019 and represents a notional figure of the income lost to housing fraud.

- 3.2 The number of prosecutions has reduced this year mainly due to the low financial level of CTS and SPD fraud and therefore it is not always appropriate or in the public interest to prosecute when alternative sanctions are deemed more appropriate; however each case is considered on an individual basis and this also accounts for the increase in penalties issued. Under Council Tax Legislation a penalty of £70.00 per year of incorrect SPD award can be applied directly to the liability account.
- 3.3 The number of properties recovered has increased from last year due to successful collaboration with local Housing Associations. The CFT's work with Places for People has increased significantly due to the hard work the team has put in and the housing officers now having a better understanding of our work and the implications and impact Tenancy Fraud has on their residents and the wider community.
- 3.4 The CFT issues press releases in respect of successful prosecutions where it is appropriate to highlight the consequences of committing fraud against the Council.
- 3.5 The CFT also acts as the Single Point of Contact (SPOC) providing the DWP with information regarding Housing Benefit claims. In the last year over 101 Local Authority Information Exchange Form (LAIEF) were received and responded to in addition to dealing with numerous requests for further information.
- 3.6 The Corporate Fraud Manager is the Council's Coordinating Officer for the Regulatory Investigatory Powers Act which deals with Directed Surveillance and Communications Data requests. It is a requirement of the Council's Covert Surveillance (RIPA) Policy and Procedure that a report is made annually to CGC on any activity undertaken in line with the policy. In 2019/2020, HDC made three applications for Directed Surveillance regarding fly tipping matters and the deployment of covert cameras and one application for Communications Data also regarding fly tipping matters to ascertain subscriber and address information. All Communications Data requests were made via the National Anti-Fraud Network (NAFN).

#### **4. KEY IMPACTS / RISKS**

- 4.1 The Council is constantly at risk of fraudulent activity against its services and so the presence of the CFT helps to mitigate this risk. The main emphasis is on the prevention and detection of potential fraud in higher monetary value service areas such as Council Tax, i.e. ensuring the award of discounts, exemptions and CTS is correct and Housing, i.e. working with both internal and external partners to make sure that housing is allocated correctly and those who try to take advantage of the system are caught and where appropriate, prosecuted. The CFT also continues to support the Housing Team in checking and verifying application details when required.
- 4.2 The CIPFA Fraud and Corruption Tracker Summary Report 2019 sets out the main types of fraud identified across the country and the CFT uses this and other publications to stay up to date with current trends and new emerging risks. Council Tax has continued to be the largest area of identified fraud over the last three years and is the top fraud risk for districts and unitaries with £30.6.million of fraud being identified last year. Housing and Tenancy Fraud is another area of focus as the national shortage of accommodation and the number of people waiting to be housed means accommodation is valuable and needs to be utilised correctly.
- 4.3 The CFT also closely liaise with other enforcement teams in the council and have arranged some necessary training for the teams. The CFT has also produced a standardised file format for an online Prosecution File that can be uploaded via Teams to Legal. This ensures the file can be dealt with quickly and easily by Legal with them knowing where the necessary information will be.
- 4.4 During the current Covid 19 pandemic the CFT has supported and assisted other teams and services within the Council. There is an increased risk of fraud across various services where people look to take advantage of the current situation. The CFT will be actively involved in working with services most at risk to help identify and stop fraudulent claims being made against the Council.

#### **5. WHAT ACTIONS WILL BE TAKEN**

- 5.1 The CFT will continue to be proactive in identifying and investigating allegations of fraud and corruption against the Council. A key aim for 2020/21 is to restart the project the CFT had commenced for a Council Financial Investigator to look at and identify relevant prosecution cases that could also be dealt with under the Proceeds of Crime Act. Although the project was only into its second month when the Covid 19 pandemic hit the country the initial results had been extremely promising with about six cases being identified to take further. These covered several areas across the Council from Illegal Flytipping, Planning, illegal HMO's and a

Fraud Case. Currently this project and most of the Teams work has been put on hold due to the current restrictions in place.

- 5.2 The CFT continue to work closely with the Police and build our local connections. The CFT have been actively able to assist them in some visits and enquiries and they in turn have assisted us.
- 5.3 Joint working with the Department for Work and Pensions on Housing Benefit and Council Tax Support claims commenced in December 2018. This allows joint investigations on suitable cases with the ability to exchange information and evidence.
- 5.4 The CFT like many areas of the Council have had staff redeployed to support other vital services, with one member delivering food parcels to vulnerable residents and the rest of the team assisting with the roll out of the business rate grants. The CFT will also be actively involved in the Post Assurance checks and any subsequent fraudulent applications that may be identified as a result.
- 5.5 With current government restrictions in place this will undoubtedly have an impact on how the team investigates allegations. The uncertainty around the interviewing of suspects, taking witness statements and conducting visits is being closely monitored and will be updated once further government guidance has been received. However these considerations will be the same for all Enforcement Teams in the Council and of course depending on the Councils priorities and challenges over the next few months will determine where and what the CFT focus on.

## **6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND / OR CORPORATE OBJECTIVES**

- 6.1 Strategic priority: Becoming a more efficient and effective Council.

## **7. RESOURCE IMPLICATIONS**

- 7.1 The costs of the Fraud Team are incorporated into the main Revenues & Benefits budget and cannot be isolated.

## **8. REASONS FOR THE RECOMMENDED DECISIONS**

- 8.1 The Anti-Fraud and Corruption Strategy sets outs a requirement for an annual report to be submitted to the Corporate Governance Committee on the work of the Corporate Fraud Team during the previous financial year.

## **9. LIST OF APPENDICES INCLUDED**

Appendix 1 – Corporate Fraud Team Work Plan 2019/20

## **BACKGROUND PAPERS**

CIPFA Fraud and Corruption Tracker Summary Report 2019

<https://www.cipfa.org/services/counter-fraud-centre/fraud-and-corruption-tracker>

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