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Key Decision – Yes/No
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HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Review of Fraud Investigation Activity 2023/24

Meeting/Date: Corporate Governance Committee– 9th July 2024

Executive Portfolio: Resident Services and Corporate Performance
(S. Ferguson)

Report by: Katie Kelly – Revenues and Benefits Manager

Ward(s) affected: All

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.

The following report details activity undertaken by the team to prevent and detect Fraud throughout the financial year 2023/24

Recommendation(s):

The Corporate Governance Committee is invited to comment on the content of this report.

1. PURPOSE OF THE REPORT

- 1.1 This report provides a summary of the activity undertaken by the Council's Corporate Fraud Team in 2023/2024.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 All public bodies have a duty to protect the public purse, and proactive efforts to prevent and detect fraud are key to reducing the risk of financial loss.
- 2.2 The Council's Anti-Fraud and Corruption Strategy sets out the organisational response to the threat of fraud and requires that an annual report be provided to the Corporate Governance Committee detailing the work that has been undertaken by the Corporate Fraud Team.

3. WORK UNDERTAKEN 2023/24

- 3.1 The main areas of focus for the Corporate Fraud Team in 2023/24 were:

- Reviewing output from the National Fraud Initiative (NFI)
- Investigating ad-hoc referrals coming into the team from both internal and external sources
- Activity undertaken in line with the Cambridgeshire Fraud Initiative

National Fraud Initiative (NFI)

- 3.2 The National Fraud Initiative, or NFI, is national data-matching exercise between both public and private sector bodies to prevent and detect fraud. The Council is required to provide a range of datasets to enable periodic data matching, the results of which are then investigated by each Authority to identify where fraud and / or error exists.
- 3.3 Matches from the last bi-annual exercise were received in January 2023, and work to review the cases identified continued throughout the 2023-24 period. The matching covers a wide range of datasets including Council Tax, Housing Benefit, Payroll, Electoral Register and Housing waiting lists, for example. Most matches are reviewed by the Corporate Fraud Team who investigate to determine if there is error or fraud, and then take appropriate action to resolve.
- 3.4 The current data being used was collated and matched in 2022, and so is due to be refreshed in 2024.

Ad-Hoc referrals

- 3.4 The Council receives referrals from members of the public, external organisations, elected members and internal teams throughout the year. Referrals into the team are an incredibly useful source of intelligence, and details of how to make a referral to the fraud team are included on all Council Tax bills. There is also a dedicated page on our website to enable any suspicion of fraud to be reported quickly and easily.

- 3.5 The Team have built good relationships with local Housing Providers and continue to assist with investigating allegations of tenancy fraud, working together to ensure that valuable social housing stock is available for those in genuine need.

Cambridgeshire Fraud Initiative (CFI)

- 3.5 In 2023, the Council embarked on a new initiative working closely with colleagues from the other Cambridgeshire District Councils alongside Cambridgeshire County Council, in a combined effort to detect fraud and error in the Council Tax system.
- 3.6 Cambridgeshire County Council has provided funding for a fixed term post in each of the five District Councils in Cambridgeshire and have also covered the cost of an enhanced Council Tax single person discount review. The review utilises data from credit reference agencies to detect where there may be more than one resident at a property where a single person discount is in place.
- 3.7 Following the success of the project there is an intention to further build on this initiative by increasing the frequency of data sharing and the range of data sets that are shared. Further information regarding the next phase of this project is included in 5.3
- 3.8 The value derived from the activities outlined above throughout 2023-24 is as follows:

Investigation Type	Cases Proven	Value £
Council Tax Discounts (including Single Person Discount)	123	110,074
CFI Project	109	90,079
Benefits (Local Council Tax Support & Housing Benefit)	31	52,795
Council Tax Penalties Issued	27	2,100
Housing / Tenancy Fraud	9	-
Total Value		255,048
Total NFI Matches processed		1,477

- 3.8 The value of savings achieved is calculated using a recognised methodology set out by the National Fraud Initiative. This approach allows not only for the capture of actual savings, but also provides for a projection of future savings derived as a result of action taken.
- 3.9 Where there is no straightforward way to determine an exact value derived, such as Tenancy Fraud, current NFI guidance suggests the overall value to be in the region of £78k per property, after consideration of factors such as the duration for which fraudulent activity may have continued undetected, the legal costs of recovering a property and an estimate of the annual cost of temporary accommodation.

- 3.10 As Huntingdonshire District Council are not the owners of housing stock the NFI calculation methodology has not been used as a measure of success in this instance. However, by working alongside housing providers in this activity we have been able to recover 9 homes in 2023/24, increasing the availability of accommodation to those in need.

Use of Surveillance under Regulation of Investigatory Powers Act (RIPA)

- 3.13 It is a requirement of the Covert Surveillance (RIPA) policy that a report is made annually to the Corporate Governance Committee detailing any activity undertaken in line with the policy for the relevant period. Previously these powers have been used where cameras have been required in the investigation of fly tipping, for example. However, in 2023/24 there has been no relevant activity to report.
- 3.10 As part of the governance arrangements for the use of surveillance under RIPA, the Council is subject to periodic inspections by the Investigatory Powers Commissioner's Office (IPCO). An inspection was carried out on 20th June 2024, and the outcome report will be shared in due course.

4. KEY IMPACTS / RISKS

- 4.1. Following the retirement of the Corporate Fraud Manager in December 2023, the post has remained vacant whilst alternative options to fill the role are considered, such as working with other organisations to provide the management function. This exploration work has now reached a conclusion and a decision has been taken to recruit directly. The vacancy will be advertised imminently.

5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

NFI 2024/25

- 5.1 The next NFI data-matching exercise is due to take place in 2024, as the current matches are now largely out of date, being based on 2022 data. New data extracts will be uploaded in October 2024, and the results will be made available to Local Authorities to review towards the end of December 2024.

CFI project

- 5.2 Following the success of the CFI project throughout 2023/24 where it has been proven that the benefits derived from the project outweigh the investment cost, negotiations are currently underway to further build on the initiative via the introduction of software called "Fraud Hub".
- 5.3 The Fraud Hub software is an optional software solution offered as part of the NFI program which supports a more robust approach to fraud detection by enabling Local Authorities to share a greater range of datasets on a more frequent basis to identify where anomalies may exist.

- 5.4 Whereas the compulsory NFI program shares data on a bi-annual basis, under Fraud Hub, Local Authorities can share data at a frequency that best suits them. The software also provides for additional data sets to be included in the matching. Using data in this way ensures that investigation activity is focussed on areas where fraud is more likely to exist, increasing the prospects of successful detection.
- 5.5 Whilst project negotiations are still underway, it is anticipated that the Fraud Hub software will be operational from Autumn 2024.

Refresh of Anti-Fraud & Corruption Strategy

- 5.6 It is acknowledged that a refresh of the current Anti-Fraud and Corruption Strategy is overdue, although many of the principles set out in the document remain sound. This work is due to be included within the external Quality Assessment Plan for Internal Audit that is currently being formulated.

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

[\(See Corporate Plan\)](#)

- 6.1 Every penny of income lost to fraud is money that cannot be spent on services where they are needed. By ensuring that the organisation maintains a robust approach to the prevention and detection of fraud, the work of the Corporate Fraud Team links to all three priorities of the Council.
- 1) Improve the quality of life for local people.
It is important to note that the repercussions of fraud can be more than just financial. For example, a previous investigation resulted in the repossession of a property being used for illegal activity, where there was a direct impact on the residents of neighbouring dwellings. Through the course of their work the team encounters a range of issues faced by residents and are proactive in making referrals for appropriate support.
 - 2) Create a better Huntingdonshire for future generations. By working closely with housing providers to investigate allegations of tenancy fraud, we ensure that more social housing stock is available to those in need.
 - 3) Do our core work well. A robust approach to preventing and detecting fraud ensures that we minimise the risk of financial loss, supporting us to deliver good quality, high value-for-money services with good control and compliance with statutory obligations.

7. REASONS FOR THE RECOMMENDED DECISIONS

- 7.1 The Anti-Fraud and Corruption Strategy sets out 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.

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