

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Corporate Fraud Workplan and Prosecution Policy

Meeting/Date: Corporate Governance Panel – 2 December 2015
Overview and Scrutiny (Economic Well-Being)
– 8 December 2015
Cabinet – 10 December 2015

Executive Portfolio: Executive Councillor for Customer Services

Report by: Benefits Manager

Ward(s) affected: All

Executive Summary:

This report sets out the workplan for the Corporate Fraud Team following the transfer of Housing Benefit fraud investigations to the Department for Work and Pensions (DWP). It details the Council's approach to fraud prevention and detection and sets out the main focus of the Team's work. The accompanying Fraud Prosecution Policy has been amended to take account of this change of direction, and Cabinet should endorse these principles for Officers to act on.

The Fraud Working Group (a subset of the Corporate Governance Panel) has supported the work of the Fraud Team. Consideration was to be given to re-forming the Fraud Working Group once a workplan based around the new priorities for the team had been determined. Dealing with fraud effectively remains important, but it is felt an annual report presented to Corporate Governance Panel together with the Executive Councillor for Customer Services overseeing the on-going work of the team is an appropriate level of focus – especially as the smaller team is focussed on more limited areas of work within HDC.

Recommendation(s):

It is recommended that:

1. Corporate Governance Panel and Overview and Scrutiny provide any necessary feedback to Cabinet

It is also recommended Cabinet:

2. Consider the reports of CGP and O&S and approves the workplan
3. Approves the revised Prosecution Policy
4. Endorse the recommendation that monitoring of the delivery of the workplan is overseen by the Executive Councillor for Customer Services alongside annual reports to the Corporate Governance Panel.

1. WHAT IS THIS REPORT ABOUT?

- 1.1 This report sets out the proposed workplan for the Corporate Fraud Team in its broader remit now that Housing Benefit fraud is no longer the main focus of its work. The workplan takes account of the team having fewer resources, and identifies what areas of work currently present most risk to HDC and also refers to emerging fraud risks facing local authorities.
- 1.2 The Fraud Prosecution Policy has to be amended in light of Housing Benefit prosecutions no longer being carried out by HDC. It contains the process to be followed when dealing with any potential prosecution and the alternative actions that may be considered but also has regard to legislation that applies to specific service areas.
- 1.3 In addition, the report looks at whether the formation of a new Fraud Working Group should be considered to support the work of the Corporate Fraud Team as they continue to establish work priorities over the next few years.

2. BACKGROUND

- 2.1 In May 2015, the responsibility for investigating allegations of Housing Benefit fraud transferred to the DWP. Three Investigating Officers transferred to the DWP at the same time, leaving a smaller team at HDC comprising a Team Leader, one Investigating Officer and an Intelligence Officer.
- 2.2 Since then, the team has been completing the residual work left after the DWP transfer, including preparing a number of Housing Benefit cases for prosecution. In addition, HDC has been the lead Council in a CLG funded countywide initiative called the Cambridgeshire Anti-Fraud Network (CAFN).
- 2.3 This has been a period of transition for the team in establishing what areas of fraud to concentrate on now that the main focus is no longer Housing Benefit and determining the limits of the work it can deal with taking account of the fact that the service is very often demand led based on the number of allegations received.
- 2.4 The workplan has been developed around the types of fraud that currently form the majority of the work for the team as well as new and emerging threats, specifically:
 - Council Tax Support fraud
 - Council Tax discount fraud
 - Housing Tenancy fraud – subletting/register/rent deposit applications
 - Business Rates
 - Right To Buy
 - No Discourse to Public Funds

Plans for the future include working with service areas across the Council and other partners to determine the level of risk from fraud they face in order to see how the Corporate Fraud Team can work with them to reduce risk and investigate allegations of fraud.

- 2.5 Investigating different types of fraud requires the Fraud Prosecution Policy to be amended to include reference to the legislation used in prosecuting these new areas.

- 2.6 The Policy sets out the legislation and process that Investigating Officers must adhere to when considering what action to take following a fraud investigation. Although committing fraud is a crime, there are various tests and processes to go through before determining if prosecution is the appropriate outcome for the investigation.
- 2.7 The Policy refers to the Evidential and Public Interest Tests set out in the Code for Crown Prosecutors which need to be applied taking into account the individual facts of a case.
- 2.8 The Policy also sets out what needs to be considered when dealing with fraud against specific services, i.e. the appropriate legislation and disposal methods.
- 2.9 The Fraud Working Group was established to support the work of the original Fraud Team and help raise its profile across the Council. The smaller format of the Corporate Fraud Team means that they now have to focus on the biggest areas of risk to the Council through a combination of pro-active and reactive work and leading the work of the CAFN project. The team is still in a period of transition and is concentrating resources on building relationships with teams across the Council and partners to determine what support can be offered.

3. ANALYSIS

- 3.1 Despite several staff changes, the team's performance during 2015/16 shows that it continues to be a valuable asset in HDC's fight against fraud.
- 3.2 370 of the 442 referrals received between April and October 2015 were selected for investigation and to date 43 of these cases have been proved.
- 3.3 The value of the fraud discovered for services provided by HDC equates to £171,876, broken down into the following areas:

Type of fraud	Value of fraudulent overpayments
Council Tax Benefit	£ 10,217
Council Tax Support	£ 18,094
Council Tax Discounts	£ 17,992
Housing Benefit*	£125,573

- In addition, five social housing properties have been recovered to be re-allocated to families in genuine need.
- Council Tax fines totalling £2k have been given to 11 people fraudulently claiming a Single Person Discount.
- Another £29k of fraud was identified in DWP administered benefits.
- A total of 14 Housing Benefit prosecutions have taken place from the residual work left after the transfer of work to the DWP in May 2015.

* Although the team no longer investigate Housing Benefit fraud, the discrepancies found during the course of investigating Council Tax Support/Council Tax Discount fraud, often lead to an overpayment of Housing Benefit, hence the figures included above. Details of the fraud are passed on to the DWP for them to take action as appropriate.

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

4.1 Overview & Scrutiny will comment on the papers at its meeting on 8th December 2015.

5. KEY IMPACTS/RISKS? HOW WILL THEY BE ADDRESSED?

5.1 The Council will always be at risk of fraudulent activity but the work of the Corporate Fraud Team will help to reduce this risk by having robust processes in place to prevent, investigate and deal with fraudsters.

6. WHAT ACTIONS WILL BE TAKEN?

6.1 The workplan is already in place to some degree but can be amended to include any further areas of work identified during the Member approval process.

7. LINK TO THE CORPORATE PLAN

7.1 Strategic priority and objective: Ensuring that we are a customer focused and service led council.

8. LEGAL IMPLICATIONS

8.1 None

9. RESOURCE IMPLICATIONS

9.1 Costs of staff within the CFT are currently included within the Council's budget. The revised work activity is aiming to more effectively prevent, detect and recover any losses related to fraud.

10. OTHER IMPLICATIONS

10.1 None

11. REASONS FOR THE RECOMMENDED DECISIONS

11.1 The workplan will help HDC meet its requirements under the Council's Anti-Fraud and Corruption Strategy by protecting the Council from loss caused by fraudulent acts. The workplan sets out the areas of the work that the team will initially concentrate on but it will continue to work with service areas to develop an understanding of the risks they face and work with them as needed.

11.2 It is important for HDC to have a document setting out its approach to dealing with fraudulent activity - both as a deterrent and setting out the consequences of committing crime against the Council. The Fraud Prosecution Policy clearly shows that HDC will not tolerate fraud and that anyone found to be committing fraud could face criminal action or a financial penalty.

11.3 The Corporate Fraud Team's remit focuses on Council services most at risk from fraud and loss and although the team has been in its new format since May 2015, it is still establishing priorities for the future. The work of the Corporate Fraud Team is reported to the Corporate Governance Panel on an annual basis. In addition, ad hoc reports are presented during the year as necessary and the Portfolio Lead for Customer Service (Cllr Tysoe) continues

to oversee workload in this area. It is felt this is sufficient and that the formation of the Fraud Working Group would not add further value at this time.


12. LIST OF APPENDICES INCLUDED

Appendix 1 – Corporate Fraud Team Workplan 2015/17
Appendix 2 – Fraud Prosecution Policy

BACKGROUND PAPERS

HDC's Anti-Fraud and Corruption Strategy
TEICCAF's Protecting the English Public Purse 2015

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