

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Review of Fraud Investigation Activity

Meeting/Date: Corporate Governance Committee – 13 June 2018

Executive Portfolio: Executive Councillor for Strategic Resources

Report by: Corporate Fraud Manager

Ward(s) affected: All

Executive Summary:

This report provides an overview of the activity of the Corporate Fraud Team (CFT) for 2017/2018 in line with the requirement set out in the Council's Anti- Fraud and Corruption Strategy (AFCS).

During the year, the team :

- Received 794 referrals
- Investigated 335 cases and identified fraud valued at £274,298
- Recovered 1 social housing property
- Carried out 12 prosecutions
- Administered 16 Council Tax Penalties giving an income of £1,120
- Administered 7 Administrative Penalties giving an income of £3,584
- Carried out a project under the new Homes Bonus making an additional £108,000 after identifying 13 properties that were now occupied.
- Additional 12 properties have contacted Council Tax and changed their liability as a result of our intervention
- Identified fraud and error of £89,278 from National Fraud Initiative (NFI)
- Were involved in two large internal disciplinary investigations involving a number of staff
- Through data matching advised Electoral Registration that 110 people could be removed from the register
- Through data matching advised Housing that 29 people could be removed from the Housing Register as they had passed away
- Achieved the first Proceeds of Crime Act prosecution for the council.

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 2017/2018.

1. PURPOSE OF THE REPORT

- 1.1 This report provides a summary of the activity of the Council's CFT in 2017/18 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 2018-2021 (AFCS) by providing a comprehensive fraud service across the whole of the Council. The AFCS sets out the requirement for Corporate Management Team to approve an annual business case that sets out the priorities for the team. The priorities are based on the level of risk facing specific service areas within HDC and also the AFCS. The tables below show the outcomes of the work undertaken by the CFT in 2017-18 in line with the business case.
- 2.2 The team consists of a manager, an investigation officer and an intelligence/data analyst officer.
- 2.3 The Team'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:

	2015/16	2017/18
Allegations of fraud	685	794
Cases investigated	332	335
Cases where fraud was found	156 (42.5%)	118 (35%)
Social housing recovered	8	1
Prosecutions	8	12
Penalties/fines	26	23

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

Council Tax Support (CTS)	£39,476
Council Tax SPD	£27,771
Housing Benefit *	£88,456
Value of Fraud in Department for Work and Pensions (DWP) Administered Services *	£20,888
Value of Council Tax Fines	£1,120
Value of Administrative Penalties	£3,584
Court Costs awarded	
Value of social housing recovered**	£93,000

*During the investigation of CTS and Council Tax Discount 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 these figures above.

** This figure has been taken from the CIPFA Fraud and Corruption Tracker Report 2017.

- 3.2 The number of prosecutions has reduced again this year mainly due to the low financial level of CTS and SPD cases 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.
- 3.3 The number of properties recovered has also reduced unfortunately due to reorganisations in a number of local Housing Associations. We intend to re-engage with them on this and to offer to check Right to Buy Applications as this is a high risk area which has been identified by CIPFA.
- 3.4 The Team issues press releases in respect of successful prosecutions in order to highlight the consequences of committing fraud against the Council. One such case this year also resulted in a confiscation order of approximately £31,000 to be paid in full within six months or a custodial prison sentence of a year would be imposed. This was gained under the Proceeds of Crime Act, a first for this authority and as a result HDC will receive 37.5% of the £31,000 with the rest going to the Crown. HDC is now registered on the Joint Asset Recovery Database (JARD) so we will receive money due if any future cases arise.
- 3.5 As a result of the above case the Corporate Fraud Manager, with the assistance of the 3C Legal Team has now secured a contract with Peterborough and Cambridge Trading Standards for HDC corporately to use the services of their Financial Investigator if necessary in future cases.
- 3.6 The CFT also acts as the Single Point of Contact (SPOC) with regard to providing the DWP with information regarding Housing Benefit Claims. In the last year we have received and responded to over 100 Local Authority Information Exchange Forms (LAIEF) in addition to this we have dealt with numerous requests for further information that was required.
- 3.7 The Team conducted the vast majority of the National Fraud Initiative which is run every two years and is a large project checking and verifying information. The CFT also carries out regular data matching exercises across internal databases to not only identify potential fraud but also to ensure our systems are up to date and remove people from the housing register and electoral role. As a result of this exercise we recorded £89,278 of fraud or error.
- 3.8 The Corporate Fraud Manager is also the Council's Coordinating Officer for the Regulatory Investigatory Powers Act (RIPA) which deals with Directed Surveillance and Communications requests. HDC had an inspection this financial year from the Investigatory Powers Commissioner's Office and although several recommendations were made, these were mainly to upgrade an already adequate system. These have now been implemented and the necessary amendments to the existing policy made. It is a requirement of the AFCS that the CGC is informed annually of the number of times HDC has used the RIPA legislation. In 2017/2018, HDC made one application for Directed Surveillance regarding a fly tipping matter and the deployment of covert cameras. The Council also made one application for Communications Data under RIPA again regarding a fly tipping matter to ascertain subscriber and

address information. All communications data requests are made via the National Anti-Fraud Network (NAFN).

4. KEY IMPACTS / RISKS

- 4.1 The Council remains at risk of fraudulent activity against its services and so the presence of the CFT helps to mitigate the risk. The Council administers CTS as well as collecting Council Tax and awarding discounts and exemptions. The Council has a statutory duty to prevent homelessness and the CFT works closely with the Housing Team and Housing Providers to make sure that housing is awarded to those in need and those that try to take advantage of the system are caught and where appropriate prosecuted.
- 4.2 Some of the main areas of Fraud across the country have been identified by CIPFA in their Fraud and Corruption Tracker Summary Report published in September 2017. HDC uses this and other publications to stay up to date with current trends and new emerging risks.
- 4.3 One of the other areas identified by this report was internal fraud regarding payroll, expenses, recruitment and pensions. The CFT has assisted the HR Team by conducting two large internal disciplinary investigations involving a number of staff members which resulted in one resignation, three dismissals, one written warning and two final written warnings.

5. WHAT ACTIONS WILL BE TAKEN

- 5.1 The team will continue to be proactive in identifying and investigating allegations of fraud and corruption against HDC. A key aim for 2018/2019 is to try and build on our joint working with outside partners i.e. housing providers and look at ways of building on our internal data matching exercises by using new data sets to try and identify fraud.
- 5.2 The DWP has approached all Local Authorities as they intend to recommence joint working in the near future. The DWP has advised that they will only jointly work with Local Authorities who have the necessary qualified counter fraud staff resource in position which HDC has.

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 Fraud Team costs for 2017/18 were £127,547.00

8. REASONS FOR THE RECOMMENDED DECISIONS

- 8.1 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.

9. LIST OF APPENDICES INCLUDED

9.1 Appendix 1 – Corporate Fraud Team – Work Plan 2017/18

BACKGROUND PAPERS

CIPFA Fraud / Corruption Tracker Summary Report 2017
<http://www.cipfa.org/media/files/services/cipfa%20fraud%20and%20corruption%20tracker%20summary%20report%202017.pdf>
Den&usq=A0vVaw0MDhOXXSfbKBcO3lvqhsJV

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