

Cherwell District Council

Accounts, Audit and Risk Committee

25 March 2015

Corporate Fraud Team

Report of Head of Finance and Procurement

This report is public

Purpose of report

To provide members of Accounts, Audit and Risk Committee with an introduction to the new joint Corporate Fraud team including the team's business plan for 2015-2016 and to ask members to consider and endorse the joint Whistleblowing and Anti-Fraud and Corruption policies which have recently been reviewed.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the report.
- 1.2 To consider and endorse some minor changes to the joint Anti-Fraud and Corruption Policy (appendix 2)
- 1.3 To consider and endorse some minor changes to the joint Whistleblowing Policy (appendix 3).

2.0 Introduction

- 2.1 This report is to update members on the introduction of a new joint Corporate Fraud Investigation team following the transfer of Housing Benefit fraud investigation to the DWP under the Single Fraud Investigation Service (SFIS). This report will also outline a review of two policies which although remain largely unchanged, have some minor amendments,

3.0 Report Details

Background

- 3.1 Since 2012 the DWP has been committed to developing a single fraud investigation service to investigate benefit and tax credit fraud across local authorities, HMRC and DWP. Following a number of pilots DWP confirmed a roll-out plan that will see

the transfer of Housing Benefit fraud and local authority investigation staff to DWP by March 2016.

3.2 The Housing Benefit fraud investigation function at both Cherwell District Council (CDC) and South Northants Council (SNC) transferred to SFIS with effect from 1st February 2015. Following the implementation of SFIS the following areas of work will remain with the local authority –

- Council Tax Reduction fraud investigations
- the compilation of information and evidence requested by DWP in support of a fraud investigation
- amendments to any HB claims and the collection of any overpayments
- participation in the National Fraud Initiative (NFI)
- Corporate fraud and error investigations, including tenancy fraud, Council Tax discount/exemption fraud, NDR error and avoidance and procurement fraud.

3.3 A business case was agreed to implement a joint fraud team working across CDC and SNC to protect the councils from fraud and error and to protect the public purse.

Corporate Fraud Team

3.4 The Corporate Fraud Team (CFT) has been created with two posts, a Senior Corporate Fraud Investigator (SCFI) and a Corporate Fraud Investigator (CFI). Recruitment to the post of Senior Corporate Fraud Investigator has taken place and the officer has been in post since 1 February 2015. At the time of writing this report and following a recruitment exercise a successful candidate has been appointed to the role of Corporate Investigations Officer although a start date for the candidate has not yet been confirmed. The team will work as part of the Welfare and Debt Advice team in the Finance Division and will offer a fraud investigation service across both Councils. There will also be collaborative working with Stratford District Council whilst they are in the lead up to their transfer to SFIS.

3.5 In the first six months, the team's focus will be on building the new team, raising awareness of corporate fraud and establishing internal and external partnerships as well as completing the National Fraud Initiative for both Councils. The team will also be looking at wider corporate fraud issues. As the service is newly established there will be a 'bedding in' period for the team. Targets as shown below have been set for the first year but these will be reviewed and monitored on a monthly basis:

- To work with partners to investigate Social Housing fraud
- To find £12,800 worth of Single Person Discount fraud
- To find £12,000 worth of Council Tax Reduction fraud
- To prevent 1 Housing Allocation fraud
- To investigate grant fraud
- To find £10,000 worth of Business Rate evasion/error

3.6 The team's business plan (shown at Appendix 1) sets out the main objectives for the team for 2015-2016.

DCLG Funding

- 3.7 A successful bid was submitted to DCLG for funding to support the work on corporate fraud and £129,625 was secured to help in achieving the following:
- Implementation of a shared fraud team
 - Progression of a project on shared IT and data sharing
 - Introduction of shared practices and procedures
 - Investigation and development of joint working with internal and external partners on fraud investigation
 - Supporting new incentives such as the joint Business Rates Support team to minimise fraud and error.
- 3.8 DCLG will monitor the work carried out through progress reports to ensure the funding is being used as set out in the bid document. An update report will be sent to them in March 2015

4.0 Conclusion and Reasons for Recommendations

- 4.1 Following the introduction of SFIS an opportunity was presented to review the way in which corporate fraud investigations should be undertaken across both councils in order to protect them from fraud and error and to protect the public purse. Members are asked to note the contents of this update report.
- 4.2 Members are also asked to endorse some minor changes to the joint Whistleblowing and Anti-Fraud and Corruption policies shown at Appendices 2 and 3 of this report. A similar report was taken to the Audit Committee at South Northants Council on 18 March 2015. If the Committee at South Northants Council resolve to make any further changes to either of the policies this will be reported verbally to this meeting to ensure a joint approach.

5.0 Consultation

- 5.1 Consultation on the original business case took place with members of Joint Arrangement Steering Group and reports were received by Executive

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To not to have an anti-fraud presence at each council. This would expose both councils to the risk of fraud and error, and this in turn may pose a risk to the public purse.

7.0 Implications

Financial and Resource Implications

There are no financial implications directly arising from this report

Comments checked by:

Martin Henry, Director of Resources,
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Legal Implications

- 7.2 The Council is obliged to have a whistleblowing policy by the Public Interest Disclosure Act 1998. Both this policy and the anti-fraud and corruption and bribery policy are key components of the Council's corporate governance and risk management strategy.

Comments checked by:

Kevin Lane, Head of Law and Governance
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8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

This links to the Council's priority of an accessible value for money council.

Lead Councillor

Councillor Ken Atack, Lead Member for Financial Management

Document Information

Appendix No	Title
1	Corporate Fraud Business Plan
2	Anti-Fraud and Corruption Policy
3	Whistleblowing Policy
Background Papers	
None	
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