

# Cherwell District Council

## Accounts, Audit and Risk Committee

20 January 2016

### Corporate Fraud Team Quarterly Update

#### 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 update on the joint Corporate Fraud team including progress made on the team's business plan for 2015-2016.

#### 1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the report.

#### 2.0 Introduction

- 2.1 This report is to update members on the joint Corporate Fraud Investigation team and the progress that has been made on the objectives contained in the team's business plan for 2015-2016.

#### 3.0 Report Details

##### Background

- 3.1 Members may recall that the Housing Benefit fraud investigation function at both Cherwell District Council (CDC) and South Northants Council (SNC) transferred to the new DWP Single Fraud Investigation Service (SFIS) from 1<sup>st</sup> February 2015.
- 3.2 Following the implementation of SFIS the following areas of work remain with the local authority:
  - Council Tax Reduction fraud investigations
  - the Single Point of Contact for Department for Work and Pensions including compilation of information and evidence requested by DWP in support of a Housing Benefit fraud investigations

- amendments to any HB claims following an investigation and the collection of any overpayments
- participation in the National Fraud Initiative (NFI) for both benefits and Council Tax
- Corporate fraud and error investigations, including tenancy fraud, Council Tax discount/exemption fraud, NDR error and avoidance and procurement fraud.
- Housing Benefit Matching System (HBMS) for both councils.

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 Members may recall that the Corporate Fraud Team (CFT) comprises of two posts, a Senior Corporate Fraud Investigator (SCFI) who has been in post since 1<sup>st</sup> February 2015 and a Corporate Fraud Investigator (CFI) who took post on 23<sup>rd</sup> March 2015. The Senior Corporate Fraud Investigator is currently on maternity leave and an experienced temporary Senior Investigator has been sourced to provide maternity leave cover. An additional resource to help with the National Fraud Initiative at both authorities is still in place funded by the DCLG grant highlighted at 3.7 of this report.

3.5 In the first 12 months the focus is on building the team, raising awareness of corporate fraud and establishing internal and external partnerships as well as completing the National Fraud Initiative for both Councils.

### **Update on the Corporate Fraud Business Plan 2015-2016**

3.6 Members may recall that a Business Plan was agreed to underpin the work of the team during 2015-2016. Following feedback from members of this Committee the format of the plan has been changed and it has been updated for the third quarter of 2015-2016. A copy is shown at Appendix 1 of this report. The highlights are as follows:

- National Fraud Initiative (NFI) has provided a significant volume of work for the team. NFI is split into two distinct areas: flexible matching and standard NFI matching. A breakdown of the matches and the outcomes are shown in the report at Appendix 1. At the time of writing this report a total of £126,897.14 has been rebilled to customers in 2015-2016 as a direct result of NFI. Further results are due to be added in respect of the Cherwell matches. NFI continues to be a main focus for the team with a further round of flexible matches for Council Tax and Electoral roll due to be delivered in early January 2016 and the core NFI matches due in February 2016.
- A new IT system, Intec Debtor Information System (iDIS), has been procured for a period of 12 months. This is a web based system that allows for centralised viewing of data without the need to wait for external reports from data matches. It shows all the information available on particular individuals and addresses based on simple searches. The licence allows for unlimited users and the system can be used by other departments such as debt recovery and housing. The system was installed in September 2015. There were some initial teething problems that have now been resolved. Data has been provided by the Housing Options team at SNC detailing all persons who are currently on the waiting list.

We are currently awaiting data from Council Tax and the Electoral roll to match against the housing list data.

- The introduction of TrustID scanners has recently been agreed for a trial period of 12 months. This software is a reliable way to scan and validate identity documents such as passports, visas and driving licences and allows us to carry out checks at a reduced price and so reduce exposure to fraud and error. At the time of writing this report the technical specification is with the IT department and it is anticipated that the system will be implemented and rolled out in early 2016.
- One of the aims of the team is to develop collaborative working. Partnership working with Social Housing Providers has been successful to date although it is acknowledged that further development is required during 2106-2017. A number of meetings have been held with three of the local housing providers: Sanctuary Housing, South Northants Homes and Paradigm Housing.
- A review of all the policies underpinning the work of the Corporate Fraud Team is underway. At the time of writing this report the following policies have been reviewed: Counter Fraud Policy, Anti-Fraud and Corruption Strategy, Prosecutions and Sanctions Policy and Whistleblowing Policy. The remainder of the policies will be reviewed in quarter four and will be presented to members of this Committee for approval in March 2016.
- The Single Point of Contact role enables Housing Benefit enquiries to be made by DWP and facilitates the exchange of information between the two Councils and DWP. Funding has been received from DWP totalling £4,500 to cover the cost of resources required to offer this role – this equates to around one hour a day. In reality this does not cover the commitment required or time taken to fulfil the requirements of the Service Level Agreement.
- The team have received a number of referrals which have resulted in investigations. A summary of some of the casework is shown at Appendix 3 of this report.

## **DCLG Funding**

- 3.7 Members may recall that 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 including the cost of temporary fraud officer to assist with NFI.
  - Progression of a project on shared IT and data sharing and, as outlined in the report, iDIS system has been procured and we are looking to introduce TrustID scanners.
  - Introduction of shared practices and procedures
  - Investigation and development of joint working with internal and external partners on fraud investigation
  - Training and development for the team
  - Supporting new incentives such as the joint Business Support team to minimise fraud and error.
- 3.8 DCLG are monitoring the work carried out through progress reports to ensure the funding is being used as set out in the bid document. A second update report was sent to DCLG in October 2015 (copy at Appendix 2).

## **Next Steps**

- 3.9 The Corporate Fraud team will be looking to complete the current NFI matches (Single Person Discount and Housing Benefit) for both authorities and to then begin work on the new matches that are expected in early 2016
- 3.10 Further development of the Incase and the iDIS systems will take place during quarter 4 of 2015-2016.
- 3.11 The Senior Corporate Fraud Investigations Officer will continue to review the policies that underpin the team's work. The updated documents will be presented to members of this committee for approval in March 2016. The Senior Officer is also in the process of arranging an anti-fraud and error awareness day for all partners which will be held in early 2016.

## **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.

## **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 None arising as this is an information report.

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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, Portfolio Holder for Financial Management

### Document Information

Appendix No	Title
1	Updated for Quarter 3 2015-2016
2	DCLG update report October 2015
3	Case studies
Background Papers	
None	
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