

Cherwell District Council

Accounts, Audit and Risk Committee

30 June 2016

Corporate Fraud Team Update

Report of Chief Finance Officer

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 an end of year report for 2015-2016 and a new business plan for 2016-2017 and to ask members to endorse the joint Whistleblowing and Anti-Fraud and Anti-Corruption Policies which have been reviewed and to endorse the new Fraud Response Plan Policy.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the report including the end of year report and the new business plan for 2016-2017.
- 1.2 To endorse the policy changes and the new Fraud Response Plan.

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 since the last report to this Committee. The report includes an end of year summary for 2015-2016 and a new business plan for 2016-2017. This report will also outline a review of some of the policies that underpin the work of the team and the introduction of a new Fraud Response Policy.

3.0 Report Details

Background

- 3.1 Following the transfer of the Housing Benefit fraud investigation function to the new DWP Single Fraud Investigation Service (SFIS) from 1 February 2015 the local authority retain a number of areas including: .

- 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.

3.2 A joint Corporate Fraud team has now been established over 12 months with the aim of protecting both Councils from fraud and error and to protect public funds.

Corporate Fraud Team

3.3 The Corporate Fraud Team (CFT) comprises of two posts, a Senior Corporate Fraud Investigator (SCFI) who has been in post since 1st February 2015 and a Corporate Fraud Investigator (CFI) who took post on 23rd 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 is still in place funded by the DCLG grant.

Annual Report for 2015-2016

3.4 A Business Plan was agreed to underpin the work of the team during 2015-2016 and members of this Committee have received regular reports on the progress made against this Plan. An end of year report has now been written to summarise the progress made by the team during 2015-2016. A copy of this report is shown at Appendix A. The highlights are as follows:

- The Council proactively takes part in the National Fraud Initiative (NFI). This is a nationwide data matching exercise comparing records held by the Council against other data held by the Council and other bodies. NFI matches are split into two distinct areas: flexible matching and standard NFI matching. In 2015-2016 the team have looked at 4,444 Council Tax and Housing Benefit matches for both South Northants Council (SNC) and Cherwell District Council (CDC). A total of £133,901 has been rebilled to customers in 2015-2016 as a direct result of NFI. NFI continues to be a focus for the team in 2016-2017.
- During 2015-2016 the team received a total of 353 referrals for possible investigation. Of these referrals 289 were accepted for investigation. At Appendix F of this report there is a sample of some of the investigations that have been carried out by the team and the end results to give members a flavour of the type of work being carried out by the team.
- The Council is committed to publicising the corporate fraud team and its activities as well as the message that fraud will not be tolerated. During 2015-2016 two articles have been placed in the Council's In Brief publication with the aim of promoting the team and encouraging referrals. Articles have also been placed in Cherwell Link which is delivered to all households across the district. A review of the website has also taken place although it is accepted that further work is required on this.

- The introduction of TrustID scanners has 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. Colleagues in Democracy, Housing, Customer Services and Revenues are signed up to utilising the scanners which will be located at The Forum and Bodicote House.
- One of the main objectives for the team was to develop working with key partners. During 2015-2016 the team has worked with a number of internal and external partners including internal and external audit, Department for Work and Pensions, HMRC, National Fraud Agency, Social Housing landlords and our own Legal, Revenues, Housing and Planning teams. The team have also taken an active role in the Oxfordshire Fraud Officer Group which allows sharing of information and best practice.
- 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. This work has been time-consuming throughout the year. The team have established a good relationship with the DWP both in Northampton and Oxford and, as a result, have been invited to take part in a number of joint interviews with the Single Fraud Investigation Team which has in turn assisted in our investigations into the Council Tax Reduction fraud side of the claim.

Corporate Fraud Business Plan 2016-2017

- 3.5 A business plan has been written for the new financial year 2016-2017. The aim of the plan is to outline the responsibilities of the Corporate Fraud team and the aims and objectives of the team for the next 12 months. Progress against the objectives will be monitored throughout 2016-2017 and regular updates will be presented to members of this Committee. A copy of the business plan is shown at Appendix B of this report.

Policy Reviews

- 3.6 There are a number of policies that underpin the work of the Corporate Fraud team and the corporate aim to protect the Councils from fraud and error and protect public funds. At the last meeting of this Committee members were asked to consider some minor changes to the Joint Whistleblowing Policy and the Anti-Fraud and Anti-Corruption Policy and to consider the new Fraud Response Plan. Following feedback from members of this Committee the policies have been reviewed as follows:

- Joint Whistleblowing Policy shown at Appendix C of this report. There have been only very minor changes to this Policy which applies to all employees including casual and agency staff in encouraging them to come forward with any concerns about any aspect of the Council's work. Following feedback from elected members advice was sought from Legal Services as to the wording in the Policy around public interest test and whether this should be included in the Policy. Legal have confirmed that the words in question need to be in the Whistleblowing Policy because of amendments to the Employment Rights Act 1996 made in 2013. The Policy has to be consistent with the 1996 Act in providing protection for employees who make whistleblowing disclosures. Prior to 2013 the disclosure had to be made in good faith to ensure there was protection from being subjected to detriment by the employer. However any whistle blowing disclosure made on or after 25th June 2015 only attracts

statutory protection from detrimental actions if the employee makes it in the reasonable belief that it is in the public interest. The Policy is therefore stating the statutory position. A small amendment has also been made to section 11.1 of the Policy to include reference to the Safeguarding Policy.

- Anti-Fraud and Anti-Corruption Strategy shown at Appendix D of this report. Again there have been very minor changes made to this policy which underpins the anti-fraud and anti-corruption culture across the Councils including a link to the Bribery Act (2.2) and reference to the Whistleblowing Policy (7.1)
- The Fraud Response Plan shown at Appendix E of this report is a new document which aims to ensure that there is a clear understanding around who will conduct investigations, the responsibilities of officers, that there is substance and evidence to support any allegation and how any investigations will be conducted on of shared practices and procedures

4.0 Conclusion and Reasons for Recommendations

- 4.1 Members are asked to note the contents of this report and the end of year report and new Business Plan for 2016-2017.
- 4.2 Members are also asked to endorse some minor changes to the Joint Whistleblowing, Prosecution and Sanction and Anti-Fraud and Anti-Corruption Policies shown at Appendix C, D E of this report and to endorse the new Joint Fraud Response Plan shown at Appendix F.

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 Cabinet.

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: Paul Sutton, Chief Finance Officer
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Legal Implications

- 7.2 The amendments to the whistleblowing policy include changes to ensure compliance with employment legislation as indicated in paragraph 3.6 above.

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, Portfolio Holder for Financial Management

Document Information

Appendix No	Title
A	Annual Report for 2015-2016
B	Corporate Fraud Business Plan 2016-2017
C	Joint Whistleblowing Policy
D	Anti-Fraud and Anti-Corruption Policy
E	Fraud response Plan
F	Example investigations
Background Papers	
None	
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