

Cherwell District Council

Accounts, Audit and Risk Committee

21 September 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 a progress report for quarter one of 2016-2017 and feedback from recent Corporate Fraud awareness presentations.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the report and to endorse plans for a further fraud awareness session for elected members.

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 a summary of the performance for quarter one of 2016-2017 and feedback from the recent Corporate Fraud presentations. Members are also asked to consider a proposal to offer a similar Corporate Fraud awareness session to elected members.

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 1st 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 As members are aware 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 SCFI has been on maternity leave for 12 months and an experienced temporary Senior Investigator provided cover. The SCFI is returning to work with effect from 12th September 2016 and there will be a hand-over period as the Interim Senior prepares to leave the Councils. An additional resource is still in place funded by the DCLG grant.

Performance for quarter one 2016-2017

- 3.4 A Business Plan was agreed to underpin the work of the team during 2016-2017. The aim of the plan is to outline the responsibilities of and objectives for the team over the next 12 months. Progress against the plan is monitored and the feedback for Quarter 1 is shown as Appendix One of this report. 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. Cherwell has received 3,600 matches for Council Tax and Housing Benefit and, at the time of writing this report, 1550 of the matches have been looked at and either closed or further information has been requested. It is expected that some of these matches will be referred for further investigation.
 - The team currently have 49 cases open for investigation for Cherwell District Council and a further 21 for South Northants. Included in the 49 cases are 44 Council Tax investigations (29 Council Tax Reduction fraud, 2 liability fraud and 13 single person discount fraud), 2 social housing investigations, 1 internal investigation and 2 Housing Benefit joint investigations
 - In Quarter one savings of £4,384 have been realised for Cherwell District. This includes increases in Council Tax liability of £1,492, Council Tax Reduction of £1,809.36 and Single Person Discount/Exemption fraud of £1,167. The remainder is Housing Benefit fraud where overpayments have been identified.
 - 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 Quarter One an article was placed in the Council's In Brief publication with the aim of promoting the team and encouraging attendance at the awareness sessions. An article has also been placed in the summer edition of Cherwell Link which is delivered to all households across the district.

- 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. At the time of writing this report ICT have confirmed that the server required to host Trust ID has been built and Trust ID will shortly be issued with the connection string. PCs have been identified to host the scanners. Training sessions for staff will take place on 22nd September.
- One of the main objectives for the team was to develop working with key partners. During quarter one the team has continued to work 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 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 continued throughout quarter one.

Corporate Fraud and Internal Audit Awareness sessions.

- 3.5 The first Corporate Fraud and Internal Audit awareness presentations took place on 27th July 2016 at SNC and 2nd August 2016 at CDC. The aim of the session was to promote the role of the Corporate Fraud team, to outline how referrals can be made and the results the team collate and to outline the role of Internal Audit and how their role contributes to the aims of the Corporate Fraud team.
- 3.6 Both sessions were well attended and some positive feedback has been received from some staff who confirmed that they now have a greater understanding of the role of the team and how they as individuals can contribute to the work the team do. Copies of the presentations are shown at Appendix B of this report.
- 3.7 The team would like, with the approval of this Committee, to offer a similar awareness session for elected members at both Councils with the aim of increasing awareness of the role of the team.

4.0 Conclusion and Reasons for Recommendations

- 4.1 Members are asked to note the contents of this report and to endorse plans for a Corporate Fraud Awareness sessions for elected members.

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
paul.sutton@cherwellandsouthnorthants.gov.uk

Legal Implications

7.2 There are no legal implications directly arising from this report.

Comments checked by:
Kevin Lane, Head of Law and Governance
kevin.lane@cherwellandsouthnorthants.gov.uk

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	<i>Corporate Fraud Business Plan 2016-2017 Q1 update</i>
B	<i>Presentations</i>
Background Papers	
None	
Report Author	Belinda Green (Joint Revenues and Benefits Manager)
Contact Information	Belinda Green 01327 322182 belinda.green@cherwellandsouthnorthants.gov.uk