

# **Cherwell District Council**

## **Accounts, Audit and Risk Committee**

**6 December 2016**

<b>Corporate Fraud Team Update</b>
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### **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 two of 2016-2017 and to present members with the updated Joint Sanctions and Prosecutions Policy.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To note the contents of the report
- 1.2 To consider and endorse the updated Joint Sanctions and Prosecutions Policy

#### **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 two of 2016-2017. Members are also asked to consider and endorse the updated Sanctions and Prosecutions 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 18 months with the aim of protecting both Councils from fraud and error and to protect public funds.

### **Corporate Fraud Team**

3.2 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 1<sup>st</sup> February 2015 and a Corporate Fraud Investigator (CFI) who took post on 23<sup>rd</sup> March 2015. An additional resource is still in place funded by the DCLG grant.

3.3 The SCFI returned from Maternity leave in September 2016, the interim SCFI will be leaving 31.12.2016. The interim SCFI has stayed to allow for a handover and also to allow the SCFI to complete policy and procedures and also other projects.

### **Performance for quarter two 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 2 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, all of the matches have been looked at and either closed or further information has been requested. Some of these matches have been referred for further investigation. In Quarter two this meant an extra £6023 was billed for those who had incorrectly claimed a Single Person Discount.
- The Sanctions and Prosecutions policy has been reviewed by the team and by Legal
- The team currently have 85 cases open for investigation for Cherwell District Council and a further 23 for South Northants. Included in the 85 cases are 84 Council Tax investigations (45 Council Tax Reduction fraud, 4 liability fraud and 34 single person discount fraud), 1 Procurement Fraud.
- In Quarter two savings of £9,726.63 have been realised for Cherwell District. This includes increases in Council Tax liability of £1,492, Council Tax Reduction of £3210 and Single Person Discount/Exemption fraud of £6023.
- 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 training sessions have taken place and the scanner is being used at SNC, at Cherwell ICT are moving a computer so that the scanner can be used.

- One of the main objectives for the team was to develop working with key partners. During quarter two 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 two.

### **Corporate Fraud Sanctions and Prosecutions Policy.**

3.5 The Joint Sanctions and Prosecutions Policy for the Corporate Fraud team has been updated and a copy is shown at Appendix B of this report.

3.6 The changed sections have been highlighted in the attached report, but the main changes are as follows –

- A panel style meeting has been agreed to discuss cases suitability for prosecution prior to the case files being prepared. This saves time as it means they are not preparing cases to a high prosecution standard before a prosecution decision is made from legal.
- CDC has been applying £70 penalties to Council Tax accounts when appropriate for some time. The updated policy allows this to be introduced for SNC.
- The £70 penalties could be applied to any accounts where the customer has failed to report a change within reasonable time limits without good reason. Council Tax staff are able to apply these fines, the Corporate fraud team could also apply them for NFI SPD cases which don't meet prosecution criteria.
- There is also a £50 penalty which can be applied by the Entitlements team where a customer has failed to report a change in circumstances without reasonable excuse. The penalty can be applied to cases that haven't been looked at by fraud, the entitlements team will decide on whether the penalty should apply based on their set criteria.

3.7 Members of this committee are asked to consider and to endorse the updated policy.

## **4.0 Conclusion and Reasons for Recommendations**

4.1 Members are asked to note the contents of this report and to endorse the new policy

## **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 There are no legal implications directly arising from this report.

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

<b>Appendix No</b>	<b>Title</b>
A	Corporate Fraud Business Plan 2016-2017 Q2 update
B	Corporate Fraud Prosecution and Sanctions policy
<b>Background Papers</b>	
None	
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