

# **Cherwell District Council**

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

**28 June 2017**

### **Corporate Fraud Team Update**

#### **Report of Chief Finance Officer**

This report is public.

Appendices A and B are exempt from publication by virtue of paragraphs 2 and 3 of Schedule 12A to the Local Government Act 1972.

#### **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 performance summary for 2016-2017 and to present members with the Corporate Fraud Business Plan for 2017-2018.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To note the contents of the report
- 1.2 To request that members consider and endorse the Corporate Fraud Business Plan for 2017-2018.

#### **2.0 Introduction**

- 2.1 This report is to update members on the joint Corporate Fraud Investigations team. The report includes a summary of the performance for 2016-2017. Members are also asked to consider and endorse the Corporate Fraud Business Plan for 2016-2017.

#### **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<sup>st</sup> 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 The joint Corporate Fraud team has now been established over two years with the aim of protecting both Councils from fraud and error and to protect public funds.

### **Corporate Fraud Team**

3.2 The Corporate Fraud Team (CFT) comprises of two posts, a Senior Corporate Fraud Investigator (SCFI) and a Corporate Fraud Investigator (CFI). An additional temporary resource is still in place funded by the DCLG grant.

3.3 Members of this Committee may recall that the SCFI returned from Maternity leave in September 2016. The officer elected to return to her substantive role of Corporate Fraud Investigator. In the absence of a Senior Corporate Fraud Investigator and as an interim measure the two Corporate Fraud Investigators will report directly to the Joint Revenues and Benefits Manager Over the coming months a review of the Corporate Fraud Team will be undertaken and members will receive an update on this at a future meeting.

### **Performance for 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 12 months. The main achievements from the year 2016-2017 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 have received a total of 5664 matches. The matches will be looked at and either closed or further information will be requested. A further 2715 NFI matches have been received for South Northants Council.
- The Joint Anti-Fraud and Anti-Corruption Policy, the Whistleblowing Policy and the Joint Fraud Response Plan have been reviewed and approved by members of this Committee.
- The team received 205 referrals for Cherwell 64 of which were not accepted for investigation. The following investigations have taken place with the following results:

Area	Number investigations CDC	Of	Results
Council Tax Benefit	1		£349.40
Council Tax Liability	8		£15,594
Council Tax Reduction	12		£11,422
Council Tax – Single Person Discount	40		£36,633
Council Tax – Disability Discount	1		£986.55
Housing Benefit	5		£24,757
Penalties for Council Tax	12		£840.00
<b>Total savings</b>			<b>£90,583</b>

- Working with colleagues from internal audit the team have offered Fraud awareness sessions to staff at both Cherwell and South Northants. The sessions were well received and the team are looking to offer a similar presentation to external partners during 2017-2018.
- The team would also like to offer Fraud awareness sessions to elected members at both Councils. A draft presentation is shown at Appendix A of this report. Any feedback is welcomed from members of this Committee. Please note that because of some of the contents of the draft presentation it is an exempt appendix and any discussions about it should take place after the exclusion of the public.
- Hannah Simons (then Senior Corporate Fraud Investigator) offered a number of training sessions to colleagues in the Elections team. The training covered the types of fraud faced by the elections team, handwriting fraud, signature fraud and suggestions for prevention. Again the sessions were well received. A copy of the presentation is attached at Appendix B of this report. Again this is an exempt appendix in the light of some of the contents.
- The team continue to develop working with key 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.
- Insurance fraud continues to rise nationally. Any claims made against either Authority are processed by colleagues in Corporate Finance. Some claims are immediately dismissed because they have been made against the wrong responsible party, for example, the local authority as opposed to Highways. In 2016-2017 there were 30 claims against Cherwell Council including 16 public liability claims and 14 motor claims. The insurers Zurich have their own investigations team who robustly scrutinise any claims.
- 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. In 2016-2017 we received 171 DWP SFIS enquiries for Cherwell and a further 212 for South Northants.

- Appendix C of this report gives some examples case studies from investigations that have been carried out during 2016-2016.

### **Corporate Fraud Business Plan 2017-2018.**

3.5 The Corporate Fraud Business Plan has been reviewed for 2017-2018. A copy is shown at Appendix D of this report.

3.6 Members of this committee are asked to consider and to endorse the updated plan.

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

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

## **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:

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 Tony Ilot, Portfolio Holder for Financial Management

### Document Information

<b>Appendix No</b>	<b>Title</b>
A (exempt)	Member presentation - draft
B (exempt)	Elections training presentation
C	Case Studies
D	Business Plan for 2017-2018
<b>Background Papers</b>	
None	
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