

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Review of Fraud Investigation Activity

Meeting/Date: Corporate Governance Committee – 12 June 2019

Executive Portfolio: Councillor Jonathan Gray, Executive Councillor for Resources

Report by: Corporate Fraud Manager

Ward(s) affected: All

Executive Summary:

The Council's Anti-Fraud and Corruption Strategy sets out a requirement that a report shall be submitted on an annual basis to the Corporate Governance Committee detailing the work that has been undertaken by the Corporate Fraud Team (CFT).

During 2018/19, the CFT:

- Received 580 referrals
- Investigated 341 cases and identified fraud valued at £480k
- Recovered 3 social housing properties
- Carried out 9 prosecutions
- Administered 28 Council Tax Penalties giving an income of £2k
- Administered 6 Administrative Penalties giving an income of £3.5k
- Identified fraud and error of £130k from the National Fraud Initiative (NFI)
- Achieved a Proceeds of Crime Act prosecution for the council resulting in a confiscation order of £18,000.

Recommendation:

The Corporate Governance Committee is invited to comment on the contents of this report which details the work that has been undertaken by the Corporate Fraud Team during 2018/2019.

1. PURPOSE OF THE REPORT

- 1.1 This report provides a summary of the activity of the Council's CFT in 2018/19 including the number of investigations undertaken, types of investigation and the value of the fraud identified.

2. BACKGROUND

The CFT plays a key role in ensuring that the Council meets its requirements under the Anti-Fraud and Corruption Strategy (AFCS) 2018-2021 by providing a comprehensive fraud service across the whole of the Council. The AFCS sets out the requirement for the Corporate Leadership Team to approve an annual business plan that sets out the priorities for the team. The priorities are based on the level of risk facing specific service areas within HDC and also the AFCS. The tables below show the outcomes of the work undertaken by the CFT in 2018-19 in line with the business plan.

- 2.1 The team consists of a manager, an investigation officer and an intelligence / data analyst officer.
- 2.2 The CFT's main emphasis has been Council Tax Support (CTS), Single Person Discount (SPD) and Tenancy Fraud.

3. ANALYSIS/WORK UNDERTAKEN

- 3.1 The Corporate Fraud Team figures compared to last financial year:

	2017/18	2018/19
Allegations of fraud	794	580
Cases investigated	335	341
Cases where fraud was found	118 (35%)	102(30%)
Social housing recovered	1	3
Prosecutions	12	9
Penalties/fines	23	34

The value of the fraud established for HDC administered services is broken down as follows:

Council Tax Support	£35,386
Council Tax SPD	£31,050
Housing Benefit *	£109,702
DWP Administered Services *	£24,922
Council Tax Fines	£1,960
Administrative Penalties	£3,658
Value of social housing recovered**	£279,000
NFI report***	£129,816

*During the investigation of CTS and SPD cases, the team regularly find discrepancies in Housing Benefit and DWP benefits, details of which are passed on to the DWP to deal with. As this fraud would unlikely have been

identified without HDC input, the value of this fraud is included in the figures above.

** This figure has been taken from the Chartered Institute for Public Finance and Accountancy (CIPFA) Fraud and Corruption Tracker Report 2018 and represents a notional figure of the income lost to housing fraud.

*** This figure mainly represents entries being removed from the housing register and is a notional figure based on the cost of administering an application.

- 3.2 The number of prosecutions has reduced this year mainly due to the low financial level of CTS and SPD fraud and therefore it is not always appropriate or in the public interest to prosecute when alternative sanctions are deemed more appropriate; however each case is considered on an individual basis and this also accounts for the increase in penalties issued.
- 3.3 The number of properties recovered has increased from last year due to successful collaboration with local Housing Associations. Working with Clarion Housing on a tenancy fraud case resulted in a successful prosecution and the tenant giving up the property so it could be offered to a family in need. Work continues with Luminus for People and as a result of the CFT arranging free training for them around tenancy fraud provided by the Tenancy Fraud Forum, there has been a marked increase in referrals and contact from them. With the transfer to Places for People moving forward, the CFT is in talks to carry out checks on Right to Buy applications for a fee. Identified by CIPFA as a high risk area, the maximum discount for a house in this area is £82,800. By assisting Luminus/Places for People with this, the CFT is also helping to safeguard the valuable and limited housing stock that HDC has access to and create some income generation.
- 3.4 The CFT issues press releases in respect of successful prosecutions in order to highlight the consequences of committing fraud against the Council. One such case this year involved a couple who were sub-letting their shared ownership property whilst living in Northern Ireland making a substantial profit. The successful prosecution resulted in suspended sentences for both plus a confiscation order of approximately £18,000 to be paid in full within six months or a custodial prison sentence of a year would be imposed. This was gained under the Proceeds of Crime Act, the second prosecution of this type undertaken by the CFT.
- 3.5 As a result of the above case, the Corporate Fraud Manager, with the assistance of the Legal Team, has now secured a contract with Peterborough and Cambridge Trading Standards for HDC corporately to use the services of their Financial Investigator in future cases.
- 3.6 The CFT also acts as the Single Point of Contact (SPOC) with regard to providing the DWP with information regarding Housing Benefit claims. In the last year we have received and responded to over 101 Local Authority Information Exchange Form (LAIEF) plus dealt with numerous requests for further information that was required.
- 3.7 The CFT conducts the vast majority of the National Fraud Initiative, a Home Office scheme run bi-annually matching numerous government data bases. Over a thousand matches have been processed so far with fraud and error of £129,861 being identified. Data matching continues to be an effective way of

identifying potential fraud and also ensures that council-wide databases are up to date, e.g. housing register and electoral roll.

- 3.8 The Corporate Fraud Manager is the Council's Coordinating Officer for the Regulatory Investigatory Powers Act which deals with Directed Surveillance and Communications Data requests. It is a requirement of the Council's Covert Surveillance (RIPA) Policy and Procedure that a report is made annually to CGC on any activity undertaken in line with the policy. In 2018/2019, HDC made three applications for Directed Surveillance regarding fly tipping matters and the deployment of covert cameras and three applications for Communications Data also regarding fly tipping matters to ascertain subscriber and address information. All Communications Data requests were made via the National Anti-Fraud Network (NAFN).

4. KEY IMPACTS / RISKS

- 4.1 The Council is constantly at risk of fraudulent activity against its services and so the presence of the CFT helps to mitigate this risk. The main emphasis is on the prevention and detection of potential fraud in higher monetary value service areas such as Council Tax, i.e. ensuring the award of discounts, exemptions and CTS is correct and Housing, i.e. working with both internal and external partners to make sure that housing is allocated correctly and those who try to take advantage of the system are caught and where appropriate, prosecuted. The CFT is also involved in checking that expensive temporary accommodation provided by the council is being occupied in accordance with the license issued.
- 4.2 The CIPFA Fraud and Corruption Tracker Summary Report sets out the main types of fraud identified across the country and the CFT uses this and other publications to stay up to date with current trends and new emerging risks.

5. WHAT ACTIONS WILL BE TAKEN

- 5.1 The CFT will continue to be proactive in identifying and investigating allegations of fraud and corruption against the Council. A key aim for 2019/2020 is to set up a Tenancy Fraud Forum group for Cambridgeshire for both social housing providers and local councils. This will give people a chance to work collaboratively with others in the same field, ask for advice and help keep communication links open.
- 5.2 The CFT intends to enhance internal data matching by increasing the number of data sets used.
- 5.3 Joint working with the Department for Work and Pensions on Housing Benefit and Council Tax Support claims commenced in December 2018. This allows joint investigations on suitable cases with the ability to exchange information and evidence. A lack of resources at DWP has meant a slow start but it is hoped this will be addressed in the coming months.

6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND / OR CORPORATE OBJECTIVES

- 6.1 Strategic priority: Becoming a more efficient and effective Council.

7. RESOURCE IMPLICATIONS

- 7.1 Fraud Team costs for 2018/19 were £139,275.

8. REASONS FOR THE RECOMMENDED DECISIONS

- 8.1 The Anti-Fraud and Corruption Strategy sets out a requirement for an annual report to be submitted to the Corporate Governance Committee on the work of the Corporate Fraud Team during the previous financial year.

9. LIST OF APPENDICES INCLUDED

Appendix 1 – Corporate Fraud Team Work Plan 2018/19

BACKGROUND PAPERS

CIPFA Fraud and Corruption Tracker Summary Report 2018

<https://www.cipfa.org/services/counter-fraud-centre/fraud-and-corruption-tracker>

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