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<b>SUBJECT:</b>	<i>Annual Fraud Report</i>
<b>REPORT OF:</b>	<i>Director of Resources</i>
<b>RESPONSIBLE OFFICER</b>	<i>Nicola Ellis Head of Customer Services</i>
<b>REPORT AUTHOR</b>	<i>Alistair Webb, 01494 732227, awebb@chiltern.gov.uk</i>
<b>WARD/S AFFECTED</b>	<i>All</i>

### 1. Purpose of Report

This report is to advise the Audit Committee of the Anti- Fraud activity undertaken in 2014/15 and an action plan for 2015/16.

### RECOMMENDATION

Members are asked to note and comment on the outcomes and future activity.

### 2. Reasons for Recommendations

The report is for information only and no action is required.

### 3. Report

3.1 This report details the anti-fraud activity completed during the 2014/15 financial year. It details the activity and outcomes where appropriate. Also an action plan for areas of work to be reviewed in the year 2015/16, with the intention of identifying risk areas and taking proactive work to prevent and deter fraud.

3.2 South Bucks Council is in partnership with Chiltern District Council in relation to all anti-fraud activity. The partnership has been in place for the last five years and has proved itself effective in anti- fraud activity.

3.3 The Revenues Fraud Team is responsible for carrying out anti-fraud activity in relation to Local Council Tax Support (previously Council Tax Benefit). It also provides assistance to Internal Audit, supplementing the resources for fraud and irregularity as well as carrying out a planned fraud review of high risk fraud areas.

#### **Benefit Fraud**

3.4 In 2014/15 a total of 68 cases of benefit fraud were referred for investigation 42 investigations commenced.

3.5 South Bucks completed 5 prosecutions in 2014/15. The majority of cases are progressed through the magistrates with one case prosecuted in the Crown Court.

3.6 The table below demonstrates the levels of identified frauds

Overpayment Values	No of Cases
0-1K	3
1K - 5K	17
5k - 10k	5
10k - 15k	3
15k - 20k	1
20k - 30k	1

3.7 From 1<sup>st</sup> March 2015 the DWP introduced the Single Fraud Investigation Service, this is responsible for the investigation and prosecution of all housing benefit and council tax benefit fraud issues. SFIS officers have no direct access to the housing benefit records and South Bucks remains responsible for supporting the investigations by providing witness statements supporting documentation and benefit decisions. South Bucks will continue to monitor the progress and report on the outcome of cases.

3.8 Although from 1<sup>st</sup> March 2015 the investigation of benefit fraud rests with DWP this does not include the prevention of fraud entering the scheme or the calculation and recovery of any overpayments identified by fraud investigations. In addition frauds against the local public purse in the Councils own Local Council Tax Support scheme. These cannot be investigated by DWP and DWPs current policy is that they are unable to jointly investigate these matters where the fraud affects both national and local schemes.

3.9 South Bucks will continue to safeguard both the national and local schemes and investigate frauds against the local council tax scheme. From March 2015 the fraud team are concentrating on identifying and rectifying error, while referring blatant housing benefit frauds to SFIS for further action.

3.10 DWP introduced an incentive scheme from November 2014 FERIS (Fraud Error Reduction Scheme) to encourage LA's to continue to identify fraud and Error. DWP provided very basic set up funds of £3k and further quarterly rewards depending on identification of fraud and error reductions above thresholds set by DWP. The first FERIS reward payment of £3,490 received in March 2015.

3.11 **Warning Letters and Cautions** were considered appropriate in a total of 25 cases. These generally relate to a failure to declare a change of circumstances, rather than a deliberate false statement. The purpose of the caution and warning letter is to ensure the claimants are aware of their responsibilities and potential repercussions of their actions. A record of all

such cautions are maintained for 5 years. Any further offence would then result in a prosecution.

- 3.12 **Administrative penalties** no cases were deemed suitable for penalties.
- 3.13 The proven fraud cases totalled £127,713 in overpaid benefit. In addition a further £8,687.54 in overpaid benefits was identified by fraud activity not considered suitable for a sanction.
- 3.14 South Bucks continues to take part in the bi-annual National Fraud Initiative. The results so far has identified two errors resulting in total overpayments of £3,369. Activity is concentrated on the identified high risk referrals. Work is continuing on referrals related to council tax single persons discount matches.

### **Corporate Fraud Activity**

- 3.15 No completed investigations.

### **4. Options.**

- 4.1 The council has a duty to protect the local public purse and the revenues fraud and compliance team provide a resource for prevention, detection and recovery of fraud and irregularity.

### **5. Corporate Implications**

- 5.1 The fraud and compliance team are an integral part of the Revenues service while providing a fraud investigation service across the council.
- 5.2 For legal implications the fraud and compliance team make use of specialised external legal services as and when required and with the introduction of SFIS the DWP will be responsible for pursuing benefit fraud prosecutions under national guidelines.

### **6. Links to Council Policy Objectives**

- 6.1 This report links to the following objectives of the Council:

- Provide excellent service- ensuring correct benefit entitlement minimises losses to the Council;
- Safer and healthier communities - benefit fraud is a crime and the prevention and detection of fraud reduces crime in the community.

### **7. Next Steps**

- 7.1 To consider and comment on the 2015/16 action plan.

***Background Papers: None***

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**Corporate Fraud Audit Plan 2015/16**

<b>Area of work</b>	<b>Action to be taken</b>	<b>Timetable</b>
Joint Fraud and Corruption Policy	Review policy	March 2016
Joint Whistle Blowing Policy	Review Policy	March 2016
Review Business Rates (NNDR) Anti-Fraud arrangements	Review Inspection procedures	December 2015
Pursue partnership working with RSL on Housing Fraud	Prepare business plan	March 2016