

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

1. Purpose of Report

This report is to advise the Audit Committee of the Anti- Fraud activity undertaken in 2015/16 and an action plan for 2016/17.

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 2015/16 financial year. It details the activity and outcomes where appropriate. Also an action plan for areas of work to be reviewed in the year 2016/17, with the intention of identifying risk areas and taking proactive work to prevent and deter fraud.

3.2 South Bucks District Council works in partnership with Chiltern District Council in relation to all anti-fraud activity. From 2nd May 2016 the fraud and error investigation team is part of the shared revenues service for both Chiltern District Council and South Bucks District Council.

3.3 The revenues fraud and error reduction team is responsible for carrying out anti-fraud activity in relation to Local Council Tax Support. 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 2015/16 a total of 10 cases of benefit fraud were referred to DWP's Single Fraud Investigation Service.

SFIS have 3 on-going cases. One completed case resulting in an administrative penalty to the value of £1,600. SFIS have not carried out any prosecutions

3.5 South Bucks completed 2 prosecutions in 2015/16. These related to benefit fraud cases where South Bucks council had already completed the investigation. With the introduction of DWP's Single Fraud Investigation Service from March

2015 the DWP intended taking control of all cases at whatever stage. This was not considered appropriate for the above cases as they were court ready and South Bucks had invested time and resources into the cases. After some discussions with DWP they accepted that legislation introducing SFIS clearly supported the council continuing with the cases.

3.6 Prosecution outcomes:

- One conviction after trial in Magistrates court relating to undeclared ownership of several properties. Sentenced to 6 Months custody (suspended for 12 months). Costs of £3000, overpayments of £21,098 Housing Benefit and £1860 Council Tax Benefit all recovered in full.
- One guilty plea at Magistrates court failure to declare overlapping benefit award from another authority, with previous convictions for similar offences sentenced to 6 month community order plus £1060 costs. Overpayments of £2,092 and Council Tax Benefit of £337 recovery in progress.

3.7 The table below demonstrates the levels of identified frauds 2014/15 and 15/16 for comparison.

2014/15		2015/16	
Overpayment Values	No of Cases	Overpayment Values	No of Cases
0-1k	3	0-1k	0
1k-5k	17	1k-5k	2
5k-10k	5	5k-10k	3
10k-15k	3	10k-15k	0
15k-20k	1	15k-20k	0
20k +	1	20k +	1

3.8 SFIS officers have no direct access to the housing benefit records at South Bucks and as part of the investigation process South Bucks is required to provide a single point of contact to access and provide all necessary housing benefit documents and act as the main liaison point throughout the investigation. This activity is likely to grow in the short term as SFIS are undertaking data matching exercises investigations into both fraud and error.

3.9 Although from 1st 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, or recovery of administration penalties identified by fraud investigations.

3.10 To assist in fraud prevention South Bucks revenues service has introduced an IT system "Risk Based Verification" of all new applications to identify cases that require further checking of circumstances while allowing the more straightforward lower risk cases to be processed without the burden of

verification of all circumstances. South Bucks District Council is also proactive in identifying cases of potential fraud and error identified during the course of on-going accuracy checks and the targeting of reviews on known risk areas.

3.11 South Bucks District Council will continue to safeguard both the national and local schemes and investigate frauds against the local council tax scheme. In 2015/16 no cases of abuse against the local council tax reduction scheme were suitable for further sanction action. However we have identified and rectified council tax reduction award identified from our own actions or from information forwarded by SFIS.

3.12 South Bucks District Council takes part in a DWP incentive scheme FERIS (Fraud Error Reduction Scheme) designed to encourage LA's to identify fraud and error. If an LA exceeds a quarterly benefit reduction target this generates a financial reward.

The table below demonstrates results to date as identified by DWP.

Baseline figure = DWP'S estimate of expected reductions based on previous year's activity.

Actual reductions = the achieved reductions.

% of baseline achieved.

Lower threshold to achieve a reward = baseline + 10%.

	Q1	Q2	Q3	Q4 Awaiting DWP report
Baseline F & E Reduction	£28,765	£30,801	£24,220	
Actual F & E Reductions	£26,500	£31,400	£24,800	
% of baseline	92%	102.2%	102.5%	
Lower Threshold Baseline (+10% of baseline)	£31,600	£33,800	£26,600	

With a small case load and a well administered scheme there is limited scope for generating FERIS rewards. It is however good practice and prudent to take part in the scheme to identify and rectify fraud or errors at the earliest opportunity. DWP have acknowledged this and from April 2016 have rectified the scheme to provide more scope for reward payments.

3.12.1 South Bucks District Council continues to take part in the full bi-annual National Fraud initiative and the annual NFI data matching of Council Tax Single Persons Discount.

NFI Single Persons Discount results:

No of cases where discount withdrawn	Value of withdrawn discount
21	£11, 205

Corporate Fraud Activity

3.13 Fraud Manager assisted in a disciplinary investigation.

3.14 No whistleblowing issues reported.

3.15 Fraud manager has developed or assisted on corporate policies and procedures in particular:

- Staff Declaration
- Enforcement Policy
- Employees contracts
- Whistleblowing Policy
- Anti- Fraud, Corruption and Bribery Policy

4. Options.

4.1 The council has a duty to protect the local public purse and the fraud and error reduction 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.

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 2016/17 action plan.

Background Papers: None

Appendix

Corporate Fraud Audit Plan 2016/17

Area of work	Action to be taken	Timetable
Provide anti-fraud awareness training	Presentation to Staff/ Members	March 2017
Promote Joint Whistle Blowing Policy	Presentation to Staff/Members	March 2017
Joint Anti- Money Laundering Policy	Develop joint Policy	March 2017
Target benefit reviews to achieve FERIS rewards	Procedure on targeting cases	On-going