

SUBJECT:	<i>Annual Fraud Report</i>
REPORT OF:	<i>Customer Services – Cllr Trevor Egleton</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 2016/17 and an action plan for 2017/18.

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 2016/17 financial year. It details the activity and outcomes where appropriate. Also an action plan for areas of work to be reviewed in the year 2017/18, 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 2016/17 a total of 8 cases of benefit fraud were referred by South Bucks DC to DWP's Single Fraud Investigation Service.

Of these cases 2 have resulted in the offer of Administrative Penalties.

Including the above cases SFIS requested assistance with a total of 18 cases. Two cases are awaiting overpayment calculation. SFIS are awaiting a decision from the Crown Prosecution Service on one case involving frauds against South Bucks DC and other authorities with our overpayment value in excess of £7k.

3.5 The table below demonstrates the levels of identified frauds 2015/16 and 16/17 for comparison.

2015/16		2016/17	
Overpayment Values	No of Cases	Overpayment Values	No of Cases
0-1k	0	0-1k	0
1k-5k	2	1k-5k	2
5k-10k	3	5k-10k	1
10k-15k	0	10k-15k	0
15k-20k	0	15k-20k	0
20k +	0	20k +	0

3.6 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. Also this officer act as the main liaison point throughout the investigation and provides supporting witness statements as required. The role is also responsible for the decision to applying a penalty on DWP's recommendation. DWP provide minimal funding for this role.

3.7 DWP have nationally recognised that their processes have resulted in delays as an example we have recently been asked to calculate an overpayment for a case where the investigation commenced November 2015. The issue of delays and lack of clarity on requests have been raised nationally and with the local DWP fraud managers. Offers of parallel or joint working have been made to lessen the burden.

3.8 Although from 1st March 2015 the investigation of benefit fraud rests with DWP this does not include the prevention of fraud entering the scheme. To assist in fraud prevention South Bucks revenues service operates "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.

3.9 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.

3.10 South Bucks District Council took part in a DWP incentive scheme FERIS (Fraud Error Reduction Scheme) designed to encourage LA's to identify fraud and error. THE scheme was based on the LA exceeding a quarterly benefit reduction target to generate 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	£28,518	£30,867	£24,049	
Actual F & E Reductions	£30,309	£27,323	£23,332	
% of baseline	106%	88.5%	97%	
Lower Threshold Baseline (+10% of baseline)	£29,801	£25,131	£25,131	
Reward amount	£855	£0	£0	

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 radically changed the scheme for 2017/18 with a single up-front payment only payable if the authority undertakes to administer all HMRC Real Time Data matches over 2017/18. For South Bucks the funding was £11,087. Taking into account the increased work required and the existing benefit contract it was considered not appropriate to sign up to this incentive. DWP will monitor benefit outcomes and we are required to administer Mandatory RTI referrals.

3.11 The Fraud Team maintains close links with Paradigm Housing Association and have provided assistance with housing tenancy fraud issues and as a result Paradigm were able to recover three tenancies and two further tenancies were regularised with the tenant returning. The value of recovered tenancies is estimated as £2,786, this is based on the average cost of Bed and Breakfast placement. The council has preferred rights to nominate to the recovered tenancies.

3.12 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. 269 data matches reviewed. We have concentrated resources on addressing these referrals and results are shown below. We are currently working on the latest bi-annual data matches.

NFI Single Persons Discount results:

No of cases where discount withdrawn	Value of withdrawn discount
63	£38,680

Corporate Fraud Activity

3.13 Two whistleblowing referrals. Investigated and no fraud issues identified. Procedural recommendations to be addressed by new recruitment procedures.

3.14 Internal investigations concerning potential data breach- no evidence of any breach. Recommendations over security training and suppression of access to relevant accounts

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 Error Team are an integral part of the Revenues Service but provide a fraud investigation service across the Council.

5.2 For legal implications the Fraud and Error Team have external links with experienced criminal lawyers and will liaise and consult with our own legal services as and when required.

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 2017/18 action plan.

Background Papers: None

Corporate Fraud Audit Plan 2017/18

Area of work	Action to be taken	Timetable
Consider introducing Council Tax Penalties	Review sanction strategy	31/03/2018
Review of Single Persons Discounts	Full review to be carried out	31/03/2018
Review Business Rate exemptions	Sample of exemptions to be fully audited.	30/12/2017