



GA.14 16/17
Governance and Audit
Date: 26 July 2016

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Subject: Summary of Fraud Investigations 2015/2016

Report by:	Angela Matthews
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Purpose / Summary:	To review the number, type and results of fraud investigations made by the Council during 2015/2016

RECOMMENDATIONS:
That Members note the 2015/2016 results and support the plan going forward to include corporate fraud investigations.

IMPLICATIONS

Legal: None

Financial :FIN/48/17

Staffing : None

Equality and Diversity including Human Rights : N/A

Risk Assessment : N/A

Climate Related Risks and Opportunities : None

Title and Location of any Background Papers used in the preparation of this report:

Call in and Urgency:

Is the decision one which Rule 14 of the Scrutiny Procedure Rules apply?

Yes

No

Key Decision:

Yes

No

1. Introduction

The purpose of this report is to:

Review the delivery of our Corporate Fraud Work during 2015/2016

Provide information on the overall effectiveness of the authority's arrangements to counter fraud and corruption

2. Background

- 2.1 2015/16 is the first year that the newly established West Lindsey Corporate Fraud Team has dealt with all corporate fraud issues, the staff evolving from the Housing Benefit Fraud Investigations Unit whose work has now transferred in full to the Department for Works and Pensions.
- 2.2 The Corporate Fraud Team is designed to be a self-financing unit of two officers both with fraud detection experience. The unit trades internally and externally, currently commissioning work from departments within West Lindsey and neighbouring Local Authorities.
- 2.3 West Lindsey DC worked in conjunction with City of Lincoln Council and North Kesteven DC in 2015, investigations funded by the Lincolnshire County Counter Fraud unit to deliver a pilot scheme detecting and investigating Local Council Tax Reduction scheme fraud. The pilot bid was to achieve savings of £65,000 across the three councils.
- 2.4 Other work carried out by the Corporate Fraud Team during 2015/16 included Stage 3 complaints, staff investigations, investigating referrals from the DWP Housing Benefit Matching Service and making referrals and dealing with information requests from the Department for Works and Pensions fraud team.
- 2.3 The WLDC Corporate Fraud future work will include corporate issues in line with the now disbanded Audit Commission's advice to acknowledge that fraud takes place, to take measures to prevent those frauds taking place and to actively pursue fraudulent activity within this Local Authority. To this end the Whistleblowing policy and Anti-Money Laundering policy have been reviewed.

3. Analysis of Council Tax Support Investigations 2015/2016

- 3.1 Local Council Tax Support (CTS) Fraud - The initial bid to the County Counter Fraud Fund sought funding of £22,350 – this covered working an estimated caseload of 130 council tax support changes at a cost of £150 per case plus admin and travel expenses. Estimated savings were £65,000 based on investigating 130 cases and reducing CTS

entitlement by £500 per case over the reviewed period. The actual savings for West Lindsey DC were £6,244 (being 12.5% of the full CTR reduction of £49,953.11, the remainder being the County and Police savings) plus income of £2,660 from penalties

	Total	WLDC	City of Lincoln	North Kesteven DC
Number of investigations performed	165	141	21	3
TOTAL £ savings / adjustments calculated	£62,121.96	£49,953.11	£10,139.01	£2,029.84
£ Council Tax Benefit (pre-2013)	£5,780.99	£5,602.67	£178.32	£0.00
£ Council Tax Support adjustment	£39,589.03	£31,234.61	£6,912.23	£1,442.19
£ Future CTR overpayment	£16,751.94	£13,115.83	£3,048.46	£587.65
£ penalties	£2,940	£2,660	£140	£140
Penalties	42	38	2	2
Ad- pens	4	-	-	-
Prosecution	-	-	-	-
Warning letters	18	-	-	-

3.2 The criteria for investigation is that a Council Tax Support claim had been 'adjusted' by £250 or more and the information causing the necessary adjustment had been withheld by the claimant in excess of one month to warrant a £70 penalty. If the "adjustment" was more than £400 and deemed to be a fraudulent activity the case would be considered for an Administrative Penalty which would be equal to 50 % of the adjustment to a maximum of £1,000.

3.3 The table above shows that 28% of the referrals received from the Benefit processing team resulted in one of the Penalties being applied.

The addition of the administrative penalty was only considered and implemented towards the latter end of the scheme.

4 **Analysis of other Corporate Fraud activity 2015/16**

- 4.1 The team continue to receive and act on referrals from the Housing Benefit Matching Service (HBMS) and received 175 Referrals during 2015/16, each of which underwent some form of investigation.
- 4.2 The Corporate Fraud team also continued to receive referrals for Housing Benefit fraud from the general public and officers of the council. Between April 15 and March 16 the team made **101** referrals to the Department for Works and Pensions Fraud Team to investigate. These referrals do result in further information being requested by the DWP to support their investigation.

Housing Benefit Fraud reported to DWP by 'Referral Source'

	Case Review	Officer Report	Anonymous Report	Total
Q1	6	7	9	22
Q2	7	7	18	32
Q3	13	3	13	29
Q4	5	6	7	18

- 4.3 Corporate Fraud investigations during 2015/16 included six Stage 3 complaints, two Standards investigations and one internal investigation.

4. **2016/17 Fraud Work**

- 4.1 For the coming year the team will look at further Local Council Tax Support Fraud, Business Rates discounts, a proactive drive to include other departments looking at empty homes, tenancy fraud (homeless applications), council tax payers/council tax exemptions and new Local Council Tax Support claims.
- 4.2 A pilot scheme has been agreed with Boston Borough Council to provide an investigation service looking at their Local Council Tax Supports fraud cases which will begin in July 2016.
- 4.3 There has also been a request to look at claims made for travel expenses by West Lindsey staff members.
- 4.4 Further promotion of the service internally and externally will be scheduled through the Summer and Autumn months

5. **Conclusion**

- 5.1 The new Corporate Fraud Team has concentrated on Council Tax Support fraud and building up an internal customer base to investigate all West Lindsey fraud and high-level complaints during 2015/16. The services of the investigator have been soft-marketed internally and with neighbouring Local Authorities resulting in genuine enquiries and referrals from Boston Borough Council, City of Lincoln, North Kesteven District Council and East Lindsey District Council.
- 5.2 The team has used 2015/16 to develop and test working procedures, a charging structure and a customer base whilst still generating an income or saving for the Authority.
- 5.3 Alongside the new fraud activities, the statutory duties such as making Housing Benefit fraud referrals and dealing with Housing Benefit Matching Service referrals have all been completed.