



Report No:
<b>Governance and Audit</b>
<b>Date: 25 July 2017</b>

**Subject: Summary of Corporate Fraud Investigations 2016/2017**

Report by: Carol Bond

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Purpose / Summary: To review the number, type and results of investigations made by the Council during 2016/2017

**RECOMMENDATIONS:**  
That Members note the 2016/2017 results and support the plan going forward to include corporate fraud investigations.

**IMPLICATIONS**

**Legal: None**

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**Financial : FIN/36/TJB/18**

None from this report.

However the service generated £5,772 from Council Tax investigations and has saved £23,000 of otherwise external costs.

**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 Investigations Work during 2016/2017

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

## 2. Background

- 2.1 2015/16 was the first year that the newly established West Lindsey Corporate Investigations Team had dealt with all corporate fraud issues. In January 2017 the team moved to become part of the finance team.
- 2.2 The Corporate Investigations Team is designed to be a self-financing unit of one officer 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 Boston Borough Council to provide an investigation service to complete their project into Local Council Tax Reduction review.
- 2.4 Other work carried out by the Corporate Investigation Team during 2016/2017 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 and National Fraud Initiative referrals. A recent addition to the work programme is assisting with housing enforcement.
- 2.3 The WLDC Corporate Investigations 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 2016/2017

- 3.1 Local Council Tax Support (CTS) Fraud - The actual savings for West Lindsey DC were £4,652 (being 12.5% of the full CTR reduction of

£35,922.32 the remainder being the County and Police savings) plus income of £1,120 from penalties.

- 3.2 The table below shows that 50% of the referrals received from the Benefit processing team resulted in one of the Penalties being applied.

No. Investigations	CTB	LCTRS	Future LCTRS	Total adjustments	Warning letter	£70 penalty	Ad-pen	Pros
42	£2,510	£35,922	£649	£39,081	8	£1,120	£3,892	0

- 3.3 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.

#### 4 Analysis of other Corporate Fraud activity 2016/17

- 4.1 The team continue to receive and act on referrals from the Housing Benefit Matching Service (HBMS) and received 190 Referrals during 2016/17, 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 16 and March 17 the team made **51** 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	8	3	3	<b>14</b>
Q2	8	2	0	<b>10</b>
Q3	8	0	1	<b>9</b>
Q4	8	1	4	<b>13</b>

- 4.3 Corporate Fraud investigations during 2016/2017 included 11 Stage 3 complaints, 3 Standards investigation and two internal investigations. The table below details the cost of supporting departments and the cost of using an external provider.

### **Corporate and Investigation Fraud Service:**

The external cost of activities for the year would have totalled £23,000 should this have been procured, rather than delivered in house.

### **5. 2017/18 Fraud Work**

- 5.1 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.
- 5.2 Further promotion of the service internally and externally will be scheduled through the Summer and Autumn months
- 5.3 To provide fraud awareness training through the new e-learning programme and RIPA application updates
- 5.4 Undertake further corporate fraud risks and review.

### **6. Conclusion**

- 6.1 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.
- 6.2 The team moved into the Finance Department in January 2017 and since then has concentrated on undertaking a corporate fraud review of our procurement processes
- 6.3 Since moving into finance team work within the housing enforcement team has been completed and identified as an area which complements investigation skills and will be explored over the coming months to establish a corporate approach to enforcement.
- 6.4 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.

**6.5** The commercialisation of the Corporate Fraud Service will be kept under review during the coming year.