

**ANGUS COUNCIL**

**SCRUTINY AND AUDIT COMMITTEE – 19 APRIL 2016**

**CORPORATE COUNTER-FRAUD REVIEW 2015/16**

**REPORT BY JANINE WILSON, SERVICE MANAGER-GOVERNANCE AND CONSULTANCY**

**ABSTRACT**

This report provides background to the work of the Corporate Fraud Team and summarises the activity undertaken by them in the year to 31 March 2016.

**1. RECOMMENDATION(S)**

It is recommended that the Scrutiny and Audit Committee review and scrutinise the contents of the report and note that, in its inaugural year, the Corporate Fraud Team has identified in excess of £368,000 of recoverable Council Tax and benefit and has assisted in the recovery of six council house tenancies.

**2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN**

This report supports services in the delivery of all local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2013-2016.

**3. BACKGROUND**

On 1 May 2015 the responsibility for investigating allegations of Housing Benefit fraud in Angus transferred to the Department for Work and Pensions Single Fraud Investigation Service (SFIS). All other corporate fraud work remains the responsibility of the Council.

The Council has a zero tolerance approach to fraud and corruption and the existence of a professional Corporate Fraud Team (CFT) within the Chief Executive's Unit demonstrates the Council's commitment to its objectives.

This report provides an overview of the outcomes of the counter-fraud work in 2015-16.

**4. 2015/16 OVERVIEW**

**4.1 Council Tax**

Council Tax is an area where the Council is exposed to loss. This is largely where false information is provided to obtain reductions and / or discounts and exemptions. The Audit Commission has estimated that 4 – 6% of all Single Person Discount claims are fraudulent.

The CFT completed the pro-active initiative which commenced in 14/15. This exercise matched Council Tax Single Person Discount to the Electoral roll in order to identify Council Tax fraud and incorrectness and also to improve the integrity of the Council's records.

A further data matching exercise is currently being undertaken, comparing Council Tax Single Person Discount records to SEEMiS, the Council's Education database.

These data matching initiatives have resulted in the removal of discounts as follows:

SPD / Electoral Roll	£71,258
SPD / SEEMiS	£13,860

In addition to data matching, the CFT continue to examine any allegations of Council Tax fraud. The CFT works in collaboration with colleagues in Revenues, and with their continued professional support have identified non benefit savings as follows:

Council Tax Reduction	£13,472
Council Tax Discounts	£6,321
Council Tax Exemptions	£2,300

#### 4.2 Benefit Fraud

Although the responsibility for the investigation of Housing Benefit fraud transferred to SFIS on 1 May 2015, the CFT continue to identify benefit overpayments. These overpayments, which are recoverable, have arisen from various sources including investigations which commenced prior to 1 May 2015 and the investigation of other case types such as tenancy fraud and Council Tax allegations. The overpaid benefits identified by the CFT during the year to 31 March 2016 are as follows:

Housing / Council Tax Benefit	£181,308
DWP Administered Benefits	£79,640

In addition to the above overpayments being identified, one Angus Council employee involved in benefit fraud was dismissed.

#### 4.3 Tenancy Fraud

Tenancy fraud is now recognised as one of the most significant areas of fraud committed against local authorities. Tenancy Fraud falls into several categories and often includes situations where a tenant has breached certain terms of their tenancy agreement. Examples include unlawful subletting, wrongful tenancy assignment and succession, failure to use a property as the principal home and use of false information in a housing application to gain a tenancy.

This year has seen the implementation of a joint approach to the investigation of tenancy fraud allegations by counter fraud staff and housing colleagues. This successful collaborative working has led to the recovery of four council properties and two tenancy successions have been denied.

### 5. **COUNTER-FRAUD POLICIES**

Angus Council is committed to minimising the risk of loss due to fraud or corruption and to taking appropriate action against those who attempt to defraud the Council, whether from within the authority or from outside. Officers are currently reviewing the Anti Fraud & Corruption Strategy, the Fraud Guidelines & Response Plan and the Whistleblowing Policy to ensure they comply with current best practice. Revised documents will be submitted to the Policy and Resources Committee after the summer recess.

### 6. **FUTURE PLANS**

In the forthcoming year, the risk of the Council being subject to fraud and corruption is not likely to reduce. To ensure that the Council maintains its strong counter fraud arrangements, the CFT will continue to carry out data matching exercises to identify fraud and error; publicise, promote and enforce the Counter-Fraud and Corruption Strategy and framework; continue to develop joint working arrangements with colleagues in Housing; and will liaise with other local authorities to identify areas of best practice.

A review of the Council's web pages relating to corporate fraud is ongoing and work is taking place with the digital team on how best to present the information on the website. An online form for reporting suspected fraud against the council has recently been published on the council's website.

Participation in the National Fraud Initiative (NFI) continues to be an integral part of the Council's corporate approach to the prevention and detection of fraud and error. A national report on the 2014/15 NFI exercise is due for publication later this year. The report will be submitted to this committee, together with a summary of the local outcomes.

## **7. CONCLUSION**

The Corporate Fraud team has achieved excellent results in its inaugural year focussing on data matching to identify fraud and error in Council Tax; the investigation of allegations that include Council Tax Reduction; and developing collaborative working with Council colleagues.

The Corporate Fraud Team has identified in excess of £368,000 of recoverable Council Tax and benefit. These results exceed those identified in previous years and show the potential for significant savings arising from investments into data matching exercises. The CFT will continue to work towards achieving the highest standards of investigatory practices to ensure the ongoing safeguarding of public resources.

## **8. FINANCIAL IMPLICATIONS**

There are no financial implications arising from this report. Where overpayments are identified in the benefits/discounts paid by Angus Council the repayment of these results in recovered income for the Council. However, it is not always possible to make full recovery.

## **9. EQUALITIES IMPLICATIONS**

The issues contained in the report fall within an approved category that has been confirmed as exempt from an equalities perspective.

**NOTE:** No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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