



Counter Fraud Team Update

SUMMARY

- 1.1 The Council has zero tolerance to fraud. This report highlights the work undertaken by the Council's Counter Fraud Team to prevent, detect, investigate and raise general awareness of fraud across the Council.
- 1.2 The Counter Fraud Team has been established since January 2017. It comprises of three Corporate Fraud Investigators and a manager. The team was set up in partnership with South Derbyshire District Council who pays for one of the Corporate Fraud Investigators and a percentage of the manager's salary.
- 1.3 The main work themes undertaken by the Counter Fraud Team to date include;
 - Raising fraud awareness,
 - Preventing fraud,
 - Detecting and investigating fraud,
 - Understanding emerging fraud risks.
- 1.4 This report reflects the National Fraud Initiative savings detailed by the Head of Audit Partnership to this committee on 31 October 2017 as this is work undertaken by the Counter Fraud Team.

RECOMMENDATION

- 2.1 To note the contents of this report.

REASONS FOR RECOMMENDATION

- 3.1 To ensure Members are aware of the work being undertaken by the Counter Fraud Team and the benefits to the Council arising from it.

SUPPORTING INFORMATION

- 4.1 The Council has zero tolerance to fraud and the Council's Anti-Fraud and Corruption Strategy sets out the corporate commitment to the prevention, detection and investigation of all forms of fraud and corruption.
- 4.2 In December 2015 the Council's Housing Benefit Fraud Team transferred to the Department of Works and Pensions under the Single Fraud Investigation Service initiative. As well as investigating Housing Benefit fraud, the team led on non-benefit fraud investigations, including Council Tax Support fraud and tenancy fraud. Therefore, to ensure the Council retained an effective fraud deterrent a Counter Fraud Team was created and following a successful recruitment drive the team has been established since January 2017.
- 4.3 Recognising the need to be more commercial, the Council sought Local Authority partners to share the cost of the team. The result is a partnership with South Derbyshire District Council who contribute around £37,000 a year, which funds one of the Corporate Fraud Investigators and part of the managers costs.
- 4.4 The team's work has focussed on the following streams;
- Raising fraud awareness,
 - Preventing fraud,
 - Detecting and investigating fraud,
 - Understanding emerging fraud risks.

4.4.1 Raising Fraud Awareness

The highlights for this stream include;

- (a) Press release, Intouch and newsroom articles,
- (b) Awareness briefing for managers,
- (c) Awareness briefing for Communities and Place and Peoples Directorate Management Teams,
- (d) Tailored training given to over 300 staff through 22 staff training sessions.

The outcome has been an increase in referrals and highlighting emerging fraud risks.

4.4.2 Preventing Fraud

The highlights of this stream include;

- (a) Working with the Right to Buy team and recommending additional checks within the Right to Buy process.
- (b) Working with parking services and identifying and recommending improvements within the application process and issue of parking permits,
- (c) Working with the No Recourse to Public Funds service, who had raised concerns about the assessment process, resulting in a fraud risk being identified,
- (d) Working with other departments to identify where the use of identity checking software will strengthen verification and identity checking.

4.4.3 Detecting and Investigating Fraud

The highlights of this stream include;

- (a) 13 Derby Homes properties recovered, two housing applications refused and two Right to Buy applications withdrawn,
- (b) Around £880,000 savings delivered, consisting of £75,000 recoverable and £825,000 value for money savings. Value for money (VFM) savings includes preventing unnecessary expenditure and loss of future income,
- (c) Four cases referred for prosecution,
- (d) Providing intelligence information to support tackling Modern Slavery and Organised Crime Groups.

A breakdown of the savings is included at appendix 2.

4.4.4 Understanding Emerging Fraud Risks

In addition to investigating fraud the team are working with the following service areas to minimise their exposure to fraud risks;

- (a) No recourse to public funds,
- (b) Social care and direct payments,
- (c) Insurance,
- (d) Parking Permits,
- (e) Children missing from education.

OTHER OPTIONS CONSIDERED

5.1 Not applicable with this report.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	N/A N/A N/A N/A N/A
For more information contact: Background papers: List of appendices:	John Massey 01332 643774 john.massey@derby.gcsx.gov.uk None Appendix 1 – Implications Appendix 2 – Savings breakdown

IMPLICATIONS

Financial and Value for Money

- 1.1 The Counter Fraud Team has an annual cost of around £120,000 and has delivered £880,000 savings in its first ten months of operation.

Legal

- 2.1 All members of the Counter Fraud Team are duly authorised to carry out the duties they perform.

Personnel

- 3.1 None with this report.

IT

- 4.1 None with this report.

Equalities Impact

- 5.1 None with this report.

Health and Safety

- 6.1 None with this report.

Environmental Sustainability

- 7.1 None with this report.

Property and Asset Management

- 8.1 The work of the Counter Fraud Team is helping to minimise the misuse of Derby Homes properties.

Risk Management and Safeguarding

- 9.1 The work of the Counter Fraud Team is helping to minimise exposure to future fraud risks.

Corporate objectives and priorities for change

- 10.1 The work of the Counter Fraud Team is minimising loss to fraud therefore maximising the money available to spend on the Council's priorities.

Savings Breakdown

Description	Number	VFM Saving* (£S)	Actual Saving / Income (£s)
Council Tax/ NNDR			
Council Tax single person discounts removed	135	84,721.38	39,276.99
Local Council Tax Support	7	693.84 (Weekly amount x21)	3535.70
General change in liability, discount removed, empty property levy applied.	3		5030.01
Housing Benefit			
Housing Benefit cancelled / reduced	8	18,797.73 (Weekly amount x 21)	21,904.03
Housing			
Illegal succession, sublet, breach of tenancy	13	604,500** (13 x £46,500)	
Right to Buy fraud – applications withdrawn	2	97,000 (Total discount amount)	
Housing applications withdrawn	2		
National Fraud Initiative (excluding single person discounts)	5		5359.08
TOTAL	175	£805,712.95	£75,105.81

*VFM savings based on guidelines for calculating value associated with fraud according to the Cabinet Office calculations.

** The Cabinet Office calculates tenancy fraud at £93k per property recovered based on a four year average fraud indicated by previous results. Results at Derby indicate the average length of fraud to be two years therefore we have used a prudent value of £46,500 per property recovered.