



REPORT TO:	AUDIT & GOVERNANCE COMMITTEE
DATE:	24 MAY 2021
SUBJECT:	ANNUAL FRAUD PERFORMANCE REPORT
KEY DECISION:	N/A
REPORT AUTHOR:	CUSTOMER CONTACT OPERATIONS & DELIVERY MANAGER (PSPSL)
WARD(S) AFFECTED:	ALL
EXEMPT REPORT?	NO

SUMMARY

This report outlines to Members the counter fraud activity that took place during 2020/21.

RECOMMENDATIONS

That Members note the content of the report.

REASONS FOR RECOMMENDATIONS

As part of good governance arrangements, Members should be aware of the counter fraud activity that takes place throughout the Council, the policies in place and the work that is undertaken with regard to the National Fraud Initiative.

OTHER OPTIONS CONSIDERED

None.

REPORT

1.0 Introduction

1.1 The purpose of this report is to advise Members of the Audit & Governance Committee of counter fraud performance during the financial year 2020/2021 and the current position of the Fraud Section, including:-

- The National Fraud Initiative
- National Anti-Fraud Network
- Single Persons Discount Review
- The Single Fraud Investigation Service (SFIS)
- DWP Benefit Fraud Sanctions
- Corporate and Employee Conduct Cases
- Member Conduct
- Whistleblowing Reporting
- Policies
- Training
- The way forward

2.0 Background

2.1 Fraud and conduct issues can involve council employees, elected members, partners, customers and the public.

2.2 Both conduct and fraud issues can be identified/raised in a number of ways: -

- Proactive investigation work, undertaken internally or externally, for example as part of the National Fraud Initiative.
- Referral by employees, elected members, partner organisations, or members of the public as detailed in the Anti-Fraud and Corruption Policy.
- Identification by Management.

2.3 Conduct and fraud investigations have been undertaken within three sections of the council:-

- The Fraud Section (within Credit Control) who were responsible for the administration and sanction of Housing Benefit as well as the investigation of corporate fraud. Moving forward elements of this service are now provided by Public Sector Partnerships Limited.
- People Services (now Human Resources at Public Sector Partnerships Limited) who investigate internal disciplinary and grievance matters.
- Internal Audit, who investigate sensitive internal and external issues and those where this is a suspected financial loss.

2.4 The Council, along with the other council's in Lincolnshire, is part of the Lincolnshire County Fraud Partnership, which works collaboratively to minimise the amount of fraud perpetrated. It shares best practice and supports specific initiatives to prevent fraud and increase awareness.

3.0 The National Fraud Initiative

- 3.1 The National Fraud Initiative (NFI) is a data matching exercise operated by the Cabinet Office to tackle a range of fraud risks faced by the public sector across the country. The use of data for NFI purposes is controlled to ensure compliance with data protection and human rights legislation.
- 3.2 The main types of fraud and error that the NFI matching exercises targets are -
- Payroll – Employees working for two or more authorities possibly linked to fraud and ghost employees.
 - Council Tax/Electoral Register – Single Person’s Discount of 25% in respect of Council Tax being incorrectly claimed.
 - Insurance Claimants – multiple insurance claims
 - Transport passes and permits – Multiple permits or deceased permit holders.
 - Creditors – duplicate payment to suppliers
 - Housing Benefit/Council Tax Support Claims – this will identify discrepancies in the claim information used to calculate benefit entitlement.
 - Housing Waiting List – this will identify any potential discrepancies with information customers have provided in support of their housing waiting list application.
 - Business Grant Funding Recipients has now been added to the list of datasets provided.
- 3.3 The latest datasets have recently been received for review during 2021/22 and the outcomes will be reported in a future report.

4.0 National Anti-Fraud Network

- 4.1 During 2019/20, the Council joined the National Anti-Fraud Network (NAFN) to support the work undertaken by the Corporate Enforcement Group.
- 4.2 NAFN Data and Intelligence service provides the Council with a single point of contact to access a wide range of information using robust legal gateways in order to assist with the prevention and detection of fraud. The Network is used throughout the Council where legislative powers allow, especially in relation to enforcement and investigation type work.

5.0 Single Person Discount (SPD) Review

- 5.1 As part of collaborative working with the Lincolnshire Counter Fraud Partnership, a piece of work was commission in 2018/19 in order to review Council Tax accounts where a Single Persons Discount (SPD) has been awarded. This was highly successful and outcomes were reported in the annual report for 2019/20.
- 5.2 This exercise was scheduled to be repeated in 2020/21 and the results communicated in this report, however due to Covid-19, this work had to be deferred and will take place this financial year with outcomes reported in the next annual report.

6.0 Single Fraud Investigation Service (SFIS)

- 6.1 The Chancellor of the Exchequer announced in the Autumn Statement 2013 that SFIS would be implemented as a single organisation covering the totality of welfare benefit fraud.
- 6.2 The announcement confirmed that SFIS will be part of the Department for Work and Pensions (DWP) and therefore for Boston, Local Authority investigations in respect of welfare benefit fraud transferred to the DWP on 1 December 2015.
- 6.3 Although the investigation of welfare benefit has transferred to the DWP, the Council remains responsible for authorising sanction action on Housing Benefit cases when the DWP investigations are complete.
- 6.4 Council Tax Support fraud is not included in this transfer and the Council makes its own arrangements for the investigation of this type of fraud.

7.0 Benefit Fraud Investigations Conducted by SFIS

- 7.1 There were no benefit fraud sanctions relating to Housing Benefit delivered by the Department for Work and Pensions on behalf of the Council during 2020/21. DWP staff were seconded to Universal Credit claims as a result of the Covid-19 outbreak. These employees are now returning to their substantive duties and fraud investigation work is now resuming.

8.0 Corporate Fraud and Employee Conduct Cases

- 8.1 During 2020/21 there was one instance of attempted fraud where an ex-employee of the council used the council's address as the registered office for their limited company. This matter was rectified with Companies House and there was no loss to the council.

9.0 Member Conduct

- 9.1 There were no complaints against members in connection with fraud in 2020/21.

10.0 Whistleblowing Reporting

- 10.1 Assurance Lincolnshire manages the Confidential Reporting Line on behalf of the Lincolnshire Counter Fraud Partnership and acts as a central point of contact for people to report suspected fraud.
- 10.2 During 2019/20, two referrals of benefit fraud were made using the reporting hotline. The allegations were passed to the Department for Work and Pensions for investigation and we made our own checks in respect of Council Tax Reduction Support.
- 10.3 There was one allegation that an individual was permanently residing in a holiday home, however our own internal enquiries confirmed that this was not the case and there was no evidence that fraud had been committed.

11.0 Policies

11.1 Both the Anti Fraud and Corruption Policy and the Prosecutions and Sanctions Policy are scheduled for a review in 2021/22.

12.0 Training

12.1 We are looking to use the fraud training package provided by PSPS Limited as part of the induction and as refresher training across the Alliance and Elected Member.

13.0 Fraud Risk

13.1 As part of good governance arrangements, it is recommended that the Fraud Risk Register is presented to Elected Members for information or comment.

13.2 This register is periodically reviewed and monitored by the Risk Owners to ensure that risk is identified and mitigated as much as possible.

13.3 The register can be found at Appendix A of this report.

14.0 The way forward

14.1 During 2021/22, work will continue with the Lincolnshire County Fraud Partnership to minimise the risk of fraud and corruption entering the Council's systems and procedures. Alongside other Lincolnshire authorities, we intend to: -

- Continue raising awareness of fraud – delivering promotional campaigns, fraud clinics and encouraging completion of the e-learning approach to fraud.
- Identify opportunities to generate revenue from proactive work on fraud and error.
- Continue to develop networks to facilitate sharing of fraud intelligence and best practice. (E.g. Police and Trading Standards)
- Identify joint working/ partnership opportunities to maximise fraud resources and improve fraud resilience.
- Continue to identify, mitigate and monitor fraud risks to the council.

CONCLUSION

15.0 This report has documents the fraud activity that has taken place during 2020/21 and sets out the Council's planned fraud work for 2021/22.

15.1 Proactive fraud work has been less than in previous years, mainly caused by the diversion of resource in order to respond to priorities caused by the Covid-19 Pandemic.

FINANCIAL IMPLICATIONS

It is accepted that fraud affects the UK across all sectors and causes significant harm. The last, most reliable and comprehensive set of figures was published by the National Fraud Authority in 2013, and indicates that fraud may be costing the UK £52bn a year.

Within these figures the estimated loss to local authorities totalled £2.1bn. This does not include the indirect costs of responding to and investigating fraud.

This report does not have any known financial implications for Boston Borough Council as there are no identified cases of fraud.

LEGAL IMPLICATIONS

There are many pieces of legislation that can be used when relevant in order to sanction fraud. These include Section 111 and 112 of the Social Security Administration Act 1992, Council Tax Reduction Scheme (Detection of Fraud and Enforcement) (England) Regulations 2013 and Proceeds of Crime Act 2002.

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None.

EQUALITY AND SAFEGUARDING IMPLICATIONS

None.

OTHER IMPLICATIONS

None.

CONSULTATION

No consultation undertaken.

APPENDICES

APPENDIX A	Fraud Risk Register
------------	---------------------

BACKGROUND PAPERS

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

CHRONOLOGICAL HISTORY OF THIS REPORT

Name of body	Date
Audit & Governance Committee	A report of this type is presented to Audit & Governance Committee on an annual basis.

REPORT APPROVAL

Report author:	Kelly Clarke Customer Operations & Delivery Manager PSPSL T: 01205 314323 Kelly.Clarke@pspsl.co.uk
Signed off by:	Phil Perry, AD – Support Services & Partnerships
Approved for publication:	Cllr Jonathan Noble – Portfolio Holder Finance & Commercial