

Annual Counter Fraud Action Plan Update

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Purpose of the Report

1. To update the Audit Committee on counter fraud work generally – and the resources applied to such work – and the Annual Counter Fraud Action Plan in particular

To stress the importance of the actions that the Council, in association with others, can take in raising awareness of, and assisting individuals in meeting the, often complex, requirements of the welfare benefits system (Council tax reduction/exemptions/discounts as well as Housing Benefit) e.g. what sort of changes needs notification and how and when to do so. Part of this work being to simplify our systems and documents and ensure timely advice is on hand so as to reduce and alleviate potential debt issues which may arise.

Public Interest

2. The prevention and detection of fraud and corruption is a vital part of protecting the public's investment in local authority goods and services to ensure its value is maximised.

In addition, steps to help prevent debt arising will contribute also to lessening the trigger for fraud activity as well as enhancing individuals' self-esteem and wellbeing. Once people have help with their debts it often leads to them getting help to address other issues they face

Recommendations

3. That the Audit Committee note the contents of the report and the updated Action Plan.

Background

4. To set the scene, the recent developments and current arrangements are set out for members so that they can capture a fuller picture of counter fraud work within SSDC

It is useful to mention up front, that counter fraud work not only involves detection of fraud but also prevention. A key part of preventions includes identifying the underlying triggers which may contribute towards fraud activity or which hinder compliance requirements: it is not just about prosecuting individuals in fact such action is appropriate in only the most blatant cases.

Counter fraud work recognises that debt is a significant issue for many people and much debt stems from overpayments made for housing benefit or council tax support etc; the repayment of such sums simply worsening still further the viability of the household. Often the individuals concerned are vulnerable and a significant number have mental health or learning issues and in these areas the council is exploring ways in which it can assist by

- Giving greater clarity and demystifying the requirements for claiming and on-going reporting of changes in the household;

- Offering more targeted support to vulnerable people in meeting the often complex requirements;
- Use of social media to raise awareness

This work is not being undertaken by the Fraud and Data team but is nevertheless essential and contributes, greatly, to the wider fight against fraud and community wellbeing.

As members are aware in June 2015 the Council's Fraud Investigation Team transferred to the Department of Work and Pensions (DWP) as part of their Single Fraud Investigation Service (SFIS). This change meant that, from June 2015, Housing Benefit Fraud (HBF) was no longer investigated at the Council and any allegations received are passed direct to the SFIS team to action. Housing Benefit Administration still remains with SSDC and SFIS liaise direct with the Council's Housing Benefits' staff as part of their fraud investigations.

The investigation of potential Council Tax fraud and other types of corporate fraud e.g. procurement fraud, remained at SSDC and members may remember that SSDC joined with Taunton Deane Borough (TDBC) and West Somerset Council (WSC) to work in partnership with the South West Audit Partnership (SWAP) to fund a Counter Fraud Team to be run as an arm of SWAP. Department of Communities and Local Government (DCLG) funding for the team was secured and the partnership started in Autumn 2015 but did not develop as hoped and ended in March 2017 when the funding came to an end. The use of SWAP auditors to undertake fraud audits, on corporate matters, continues and issues highlighted need to be pursued.

SSDC have explored using other councils' investigation services to meet such requirements and it was decided to trial working with Oxford City Council (OCC). OCC have expanded their investigation team to take on such work and have a good record of success and it is hoped that something can be secured before the end of the year.

SSDC staff continue to administer the fraud reporting website and phone line for the whole of Somerset as part of the Somerset Fraud Forum. Any HBF allegations are passed to SFIS. Council Tax Staff will make some initial enquiries, where a council tax fraud allegation is received, but for other allegations and to progress matters further where a 'case to answer' is found, the absence of an effective investigative resource does hamper progress; hence the importance of the Oxford City Council initiative. It should be mentioned that the Revenues and Benefits' Manager has secure funding for various compliance and counter fraud activities which have helped in detecting early stages of fraud in some areas e.g. single person council tax discount claims.

The Fraud and Data Officer currently acts as the key contact for the National Fraud Initiative (NFI) which is run out of the Cabinet Office and is, essentially, a nationwide public sector data matching exercise. The main match happens bi-annually although there are targeted smaller matches each year. The process involves considerable internal liaison and results in the council being provided with a list of 'matches' which should then be followed up. Experience has shown that these matches are not always as valuable as it at first appears (often because 'real time' matching facilities is available and discrepancies have already been picked up) and limited resources are applied by SSDC to check out the results. The value of the matches diminishes over time and so the quicker a match can be assessed the more likely it will have some value.

The Fraud and Data Officer is also the key user of the National Anti-fraud Network (NAFN). NAFN hold 'authorised Officer' powers under various statutes and is the route used by Councils and other public sector bodies to make some initial fraud checks and enquiries e.g. to check on financial links between people.

In the past, the Fraud and Data Team were able to recruit an Intern to assist in progressing work however although one was appointed in 2016 they were called upon to assist in the Transformation Project shortly after starting on fraud work and hence little progress has been made on addressing the issues identified in the Action Plan.

Report

5. The Action Plan attached highlights work completed and also the plan for the coming year. Some progress has been made since the last report but without additional resources it is unlikely that all tasks listed will be completed. It is important that the future plans are realistic but also that sufficient resource is deployed. As mentioned above some fraud prevention work takes place in other teams and such work will not, necessarily, be included in the Action Plan.

It is difficult to plan in detail at the moment as where the responsibility for such work should sit and how it will be delivered is still to be finalized as part of the work being undertaken for support services functions redesign overall as part of Transformation . The Fraud and Data Manager will become a Legal Specialist and the Fraud and Data Officer will become a Case Work Team Leader so the work programme for both staff will change although it is intended that fraud and data will still form part of their work areas.

The main aim now is to secure an investigative resource (external) for the coming year within the budget allocated and, after looking at various options, it is hoped that a trial with Oxford City Council can be secured so that where an allegation has substance it can be followed up until concluded. An update report on this trial will be presented to this Committee once it has been up and running for 6 months.

Finally, the Fraud and Data Strategy is due for review and it is intended this be picked up in 2018/19.

Financial Implications

6. N/A

Council Plan Implications

7. Counter Fraud work is implicit in ensuring value for money in providing high quality services to the public.

Carbon Emissions and Climate Change Implications

8. N/A

Equality and Diversity Implications

9. *There are equality issues around the selection of cases for investigation and the monitoring of the protected characteristics to ensure processes are not discriminatory which is recognised in the Action Plan. The report is, however, largely about resource matters and that aspect does not have any particular Equality and Diversity implications.*

Privacy Impact Assessment

10. N/A

Background Papers

12. *N/A*
