EXECUTIVE SUMMARY:

To submit for Members’ information an update regarding fraud and the Council’s participation in the National Fraud Initiative.

RECOMMENDATION:

THAT THE POSITION WITH REGARD TO FRAUD AND PARTICIPATION IN THE NATIONAL FRAUD INITIATIVE DATA MATCHING EXERCISE BE NOTED.

REPORT:

1. Anti-Fraud Policies, cross council working and changes to Housing Benefit fraud

1.1 The Council has an established framework in place for anti-fraud and corruption, which is an important element of the Council’s corporate governance arrangements. The framework includes:

- an Anti-Fraud and Corruption Policy;
- a Confidential Reporting (Whistleblowing) Policy;
- a policy for the Prevention, Detection and Sanctioning of Fraud in Housing Benefits, Council Tax Support and Discounts.

1.2 The Anti-Fraud and Corruption and Confidential Reporting (Whistleblowing) policies are in place and were updated in March 2017. The policies are available on the Council’s website and are also on the Council’s Fraud Hub on the intranet for all members and staff. A further review will be undertaken in March 2018.

1.3 The Council has a policy of prosecuting those who commit fraud. Court outcomes will always be publicised as an aid to deterrence. The Council’s teams work collaboratively to prosecute offenders with the Head of Legal Services issuing proceedings in the criminal courts. These prosecutions are undertaken having regard to a prosecutions policy (reviewed annually) and the necessity of applying evidential and public interest tests.
Since September 2015 the investigation and sanctioning of Housing Benefit (HB) fraud has been the responsibility of the Department for Work and Pensions (DWP) as part of the DWP Single Fraud Investigation Service (SFIS) and so the fraud investigation and prosecution activity associated with HB no longer involves the Council. Transitional cases, where prosecutions have been started by the Council, will continue through to their conclusion.

1.4 Housing Tenancy fraud and Housing Application fraud are however emerging areas of fraud risk requiring the Council to work closely with social housing providers. The transfer of the HB fraud function and temporary additional funding through the Surrey Counter Fraud Partnership (SCFP) has enabled some resource to be allocated to these emerging risk areas.

1.5 The Fraud Hub contains key fraud information for staff and members, and is a central reference point on the Council’s intranet. The information is updated on a regular basis to ensure that the content reflects the latest national counter fraud developments.

1.6 The Counter Fraud Board continues to meet quarterly to consider fraud risk areas across the Council and emerging fraud risks. It also takes account of the work of the SCFP with particular regard to its ongoing work in housing fraud and business rates avoidance matters. The CIPFA Fraud Resource Centre provides a resource for information on new national counter fraud initiatives.

2. **Whistleblowing**

2.1 For the period from 4th March 2017 until 5 September 2017 one whistleblowing allegation was notified to the Chief Executive. This matter is currently the subject of a confidential ongoing investigation.

3. **Fraud Types and Investigations by the Council**

3.1 Following the introduction of SFIS in September 2015 the Council is no longer responsible for fraud investigation and prosecution activity associated with Housing Benefit. However, the Fraud Investigations Team now pursues fraud pertaining to wider areas of Council functions as described below.

3.2 The Fraud Investigations Team is engaged in pursuing fraud pertaining to the following areas:

- the Council Tax Support scheme
- Council Tax Discounts and exemptions (including Single Person Discount)
- Social Housing Tenancy fraud (in collaboration with Paragon and other Registered Providers)
- Housing Register and Homelessness Applications
- Right-to-Buy applications from previous council tenants who transferred to Paragon/Elmbridge Housing Trust in 2000 with preserved Right-to-Buy rights.
3.3 The number of and type of cases investigated where fraud was found in Quarter 4 of 2016/17 and Quarter 1 of 2017/18 along with the outcomes and estimated savings as a result have been identified as set out below. It should be noted that savings are not necessarily savings for Elmbridge Borough Council specifically but to the Public Purse more widely.

Quarter 4 2016/17

<table>
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<tr>
<th>Fraud Type</th>
<th>Fraud Found</th>
<th>Caution</th>
<th>Ad-Pen</th>
<th>Prosecution</th>
<th>Saving £</th>
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<tbody>
<tr>
<td>Council Tax Support Fraud:</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>-</td>
<td>4538.77</td>
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<td>-</td>
<td>-</td>
<td>250.00</td>
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<td>-</td>
<td>36,000.00</td>
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<tr>
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<td>-</td>
<td>-</td>
<td>18,000.00</td>
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<tr>
<td>Homelessness application</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Right-to-Buy Fraud</td>
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<td>-</td>
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<td>77,900.00</td>
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Quarter 1 2017/18

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<th>Fraud Type</th>
<th>Fraud Found</th>
<th>Caution</th>
<th>Ad-Pen</th>
<th>Prosecution</th>
<th>Saving £</th>
</tr>
</thead>
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<td>-</td>
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<tr>
<td>Housing Register fraud</td>
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<td>-</td>
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<tr>
<td>Homelessness application</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Right-to-Buy Fraud</td>
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<td>-</td>
<td>-</td>
<td>109,900.00</td>
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</tbody>
</table>

3.4 Right-to-Buy Fraud was identified as a significant area of fraud risk in Protecting the English Public Purse 2016 by The European Institute for Combatting Corruption and Fraud (TEICCAF).

3.5 The Fraud Investigations team has been working successfully with Paragon who administer Right-to-Buy applications for those tenants with preserved Right-to-Buy. Paragon have been working more closely with the Council’s Investigation Team to ensure detailed enquiries and checks are made of tenants seeking to take up their
preserved Right-to-Buy and ensure that social housing continues to be available and provided to those who need it most.

3.6 Social housing tenancy and housing register fraud savings have resulted from investigations undertaken in the period whereby Elmbridge has successfully lead on these cases and some properties have been returned and persons have also been removed from the Housing Register.

4. **Surrey Counter Fraud Partnership – DCLG Funding**

4.1 The Surrey Counter Fraud Partnership representing eleven councils across Surrey is chaired by the Head of Internal Audit Partnership in his substantive role at Surrey County Council. The Partnership meets on a regular basis. The Council’s Head of Housing sits on the Partnership Board. There are two sub-groups – one covering tenancy fraud and the other covering Business Rates which are attended by the Investigations Team Leader and Revenues Officer respectively.

4.2 Cumulative savings of over £8.8m across Surrey have been realised to date through the work of the partnership.

This includes:
- over £842k for business rates (March =£780k)
- over £532k for council tax support and discount savings (March =£400k)
- 98 properties recovered (March =80)
- 81 property allocations have been prevented (March =60)
- 31 homeless applications have been rejected (March =19)
- 47 Right-to-Buy applications have been rejected (March =37).

4.3 The partnership has recently developed a central hub for a range of data sets including housing applications and Council Tax.

5. **Local Government Counter Fraud & Corruption Strategy 2016**

5.1 The Local Government Counter Fraud and Corruption Strategy 2016-19 published by the CIPFA Counter Fraud Centre in March 2016 identified a significant fraud challenge for local authorities and the Council will adopt themes relevant for Elmbridge from the strategy during 2017/18.

6. **NATIONAL FRAUD INITIATIVE AND SURREY WIDE DATA MATCHING EXERCISE**

6.1 Data matching results for the 2016/17 NFI data matching exercise received in late January 2017 contained a total of 1,970 matches. Officers from the Finance, Housing Benefits and Fraud Investigations teams have investigated over 600 matches to date with priority given to the recommended filter matches. Monies were being recovered from 25 cases as at 5 September 2017 amounting to £11,916.

6.2 A countywide Single Person Discount campaign funded by Surrey County Council is commencing in mid-September for Council Tax Single Person Discount data. Matches will subsequently be examined and investigations will be carried out as necessary.
Financial implications:
These are considered in the report.

Environmental/Sustainability Implications:
None for the purpose of this report.

Legal implications:
None for the purpose of this report.

Equality implications:
None for the purpose of this report.

Risk Implications:
None for the purpose of this report.

Community Safety implications:
None for the purpose of this report.

Principal Consultees:
Strategic Director & Deputy Chief Executive
Head of Internal Audit Partnership

Background papers:
None.

Enclosures/Appendices:
None.

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