

FRAUD REPORT

1. INTRODUCTION

- 1.1 The Council is committed to the fight against fraud and will deal openly and forcefully with anyone who acts dishonestly. Following the Fraud Strategy being approved, this report provides an update of the fraud activities for 2018/19.
- 1.2 The Fraud and Compliance Officer is 0.53FTE.

2. FRAUD REFERRALS

- 2.1 In 2018/19 there have been 113 fraud referrals received from DWP relating to Housing Benefit and/or Council Tax Reduction.
- 2.2 There were 39 referrals to the Corporate Fraud and Compliance Officer of which 25 have been completed. Referrals are received via DWP, an e-form, hotline or internally from staff.
- 2.3 Following investigations there has been a total of £36,407.73 in Housing Benefit overpayments and £9,301.89 in Council Tax Reduction non entitlement. For overpayments of Housing Benefit we can claim subsidy of 40% of the overpayment amount. Where the overpayment is recovered, i.e. paid back by the claimant, by 60% or more this is an additional income to the council.
- 2.4 Highlighting a specific example, following a successful prosecution for Council Tax Reduction fraud, our first prosecution, the claimant was fined £1,500, costs of £3,244 and a victim surcharge of £37.00.
- 2.5 **Fraud Referrals from 2018/19**

Type of referral	No of referrals	Ongoing cases	Closed cases
Living Together	14	7	7
Undeclared Capital	3		3
Undeclared Earnings	6	1	5
Household composition	1		1
Homeseach waiting List	1		1
Right to Buy	3	1	2
Tenancy – sublet/non-occupation	8	3	5
Single Person Discount	1	1	
Council Tax payment	1		1
Internal	1	1	
Total Referrals	39	14	25

- 2.6 The outcome of the referrals where investigations have concluded are detailed in Appendix 1.

3. POLICY UPDATE

3.1 The following policies have been updated and approved during 2018/19:

- Money laundering
- Whistleblowing

The Fraud Strategy and the Anti-bribery and corruption strategy have both been updated.

3.2 All of the above have been communicated to staff.

4. JOINT WORKING WITH THE DEPARTMENT FOR WORK AND PENSIONS (DWP)

4.1 As part of a new initiative, the Council is working in partnership with the DWP on joint investigations and prosecutions whereby Council Tax Reduction fraud will be included along with DWP benefit fraud. This is voluntary for local authorities, but mandatory for the DWP where the local authority signs-up. There is no funding from DWP, nor is there a Service Level Agreement, however, there is a Data Sharing Agreement.

4.2 As any Council Tax Reduction “overpayment” will be included with the DWP overpayment, this may increase the likelihood of a sanction or prosecution. There will be no cost to the council where there is a prosecution.

4.3 To date there has been one joint interview under caution. Nationally, there appears to be limited cases of joint investigations and this will be escalated to DWP.

5. NATIONAL FRAUD INITIATIVE

5.1 The council undertakes the Cabinet’s office National Fraud Initiative data match and will continue to target those referrals considered high risk of fraud. Data was submitted in October with the data matches results being received in January 2019.

5.2 The breakdown of data matches is as follows:

Area	No. of matches
Internal (payroll/pension/procurement)	26
Housing Estates (non-residence/deceased/right to buy)	122
Housing Options (waiting list)	164
Revs & Bens (non-residence/entitlement/income)	570
Finance (duplicate creditors)	978

5.3 Meetings with Service Managers have been undertaken to discuss the matches and recording process and to ensure a response. Priority will be given to those matches classified as a “high” risk of fraud.

5.4 There are no timescales for completion and the Corporate Fraud and Compliance Officer will coordinate this and will work with those services affected.

6. TRAINING

6.1 During 2018/19 training has been given to Housing Estates. There is also attendance at the Hampshire Fraud Group to keep updated on any changes.

7. FRAUD RISK REGISTER

7.1 As part of promoting a counter fraud culture and to raise awareness each service will be asked to consider and complete a fraud and corruption register within their service. This will identify potential risks, the controls in place and if any controls are required. This will feed into the Corporate Risk Register.

7.2 These will be reviewed every two years.

8. PUBLICITY

8.1 An article in Hometalk has been placed to highlight tenancy fraud. Details of the prosecution was publicised on the councils website and in the Lymington Times.

9. FUTURE ACTIVITIES

9.1 We are due to undertake a review of single person discounts (circa 25,000 accounts) and plan to review staff declarations.

10. RECOMMENDATION

10.1 It is recommended that Audit Committee note the contents of this report.

Appendix 1 - Results for 2018/19

ALLEGATION / INVESTIGATION	OUTCOME	PENALTY
Increased Earnings	HB overpayment of £2,638.00 and CTR non entitlement of £309.49.	Warning letter issued
Undeclared Earnings	HB overpayment of £2,158.09 and CTR non entitlement of £752.15	Warning letter issued
Undeclared earnings	Joint investigation and interview under caution with DWP. HB overpayment of £10,027.67 and CTR non entitlement of £2,349.70	Warning letter issued
Undeclared Capital	Successful Prosecution. Overpayment of Housing Benefit of £21,139.71 and CTR non entitlement of £5,819.86	£375 fine for each offence. £3,244 costs & a £37 victim surcharge.
Undeclared Capital	HB/CTR overpayments created	£70 Civil Penalty
Undeclared Capital	HB overpayment of £444.26 and CTR non entitlement of £70.69	£70 Civil Penalty
Waiting List Criteria	Not offered property and removed from High Priority banding	None
Non-occupation	Tenancy surrendered - 2 bed bungalow returned	None
Non-occupation	After IUC tenant voluntarily gave up tenancy – a 2 bed property	None