



**Sandwell**  
Metropolitan Borough Council

## Counter Fraud Update Report - 2017/18



July 2018

## 1 Introduction

The purpose of this report is to provide the Audit and Risk Assurance Committee with an annual update on the counter-fraud activities undertaken by Audit Services' Counter Fraud Unit.

The council is committed to creating and maintaining an environment where fraud, corruption and bribery will not be tolerated. This message is made clear within the council's Anti-Fraud and Corruption Policy, which states:

'The council operates a zero tolerance on fraud, corruption and bribery whereby all instances will be investigated and the perpetrator(s) will be dealt with in accordance with established policies. Action will be taken to recover all monies stolen from the council.'

## 2 Counter Fraud Unit (CFU)

The Counter Fraud Unit continues to develop and lead in raising fraud awareness across the council and in promoting an anti-fraud culture. The team carries out both pro-active and re-active work, investigations into areas of suspected or reported fraudulent activity.

## 3 Annual Review

Over the course of the 2017/18 financial year the Counter Fraud Unit have carried out work to prevent, deter and detect fraud as well as working to support other Service Areas. Activities and achievements include:

- ◆ Carried out pro-active work, such as fraud and anti-money laundering awareness sessions
- ◆ Issued fraud alerts in order to raise the profile on specific fraud trends, directed to those who may be affected.
- ◆ Shortlisted for Government Counter Fraud Team of the Year award
- ◆ Assisted Revenues and Benefits with annual review of the New Homes Bonus Scheme
- ◆ Supported investigations carried out into members standards issues
- ◆ Collated and submitted data for CIPFA's Counter Fraud Tracker. Details of results will be released later in the year.
- ◆ Processed third party requests for information from enforcement agencies to prevent crime and protect the public purse.
- ◆ Acted as the Single Point of Contact for the DWP's Single Fraud Investigation Service
- ◆ Raised the profile of the Council's counter fraud arrangements via press releases and TV recordings having been featured heavily in the BBC's Council House Crackdown
- ◆ Four officers are now CFPB (Counter Fraud Processional Accreditation Board) Accredited Counter Fraud Specialists.
- ◆ One officer has attained the International Advanced Certificate in Anti Money Laundering awarded by the International Compliance Association
- ◆ Selected for the Cabinet Office's data match pilot into Business Rates fraud and avoidance.

### National Fraud Initiative (NFI)

The Counter Fraud Unit are the key contact and co-ordinate the investigation of matches identified by the Cabinet Office's NFI. Reports are generated from matching different departmental records of the council and by matching council records against those of other public sectors such as the NHS, other councils and local government pension providers.

The review of the 2016/17 data match is almost complete and again the data matches identified instances of fraud, error and overpayments.

Total number of matches reviewed	1,536
Number of fraud cases identified	49
Number of errors identified	16
Financial value of fraud and error cases	£472,779*

\* As this is a Cabinet Office programme it applies their national figure calculator for social housing fraud cases which are included in this figure.

### Council Tax SPD (Single Person Discount)

The council now has a rolling program to review the 25% Council Tax discount awarded to those residents who claim a Single Person Discount award. Those found to be fraudulently or incorrectly claiming the discount will not only have the discount removed, but will also be considered for a fixed penalty fine to act as a further deterrent.

Number of SPD awards removed	118
Financial value of SPD awards removed	£62,469
Number of penalties issued	113
Financial value of penalties issued	£7,910

### Business Rates Fraud and Avoidance

Nationally more focus is now being given to this area due to high retention rates councils now have and the potential in lost revenue. CIPFA's 2017 Counter Fraud Tracker estimated the cost of Business Rates fraud to be worth £7 million per year. This year the Cabinet Office have launched a pilot to develop a data matching programme to identify fraud and avoidance.

Number of investigations	6
Investigations still ongoing	1
Completed investigations	5
No further action required	2
Instances of avoidance	3
Value of Business Rates avoidance	£15,039

### Social Housing and Right to Buy Fraud

Fraud within this area continues to be a large issue both nationally and locally due to the demand for social housing. This year the council has been more successful in identifying fraudulent applications. Identifying fraudulent applications not only reduces the demand for social housing and the strain on the council's waiting list, but also reduces the time and cost of having to evict fraudulent tenants once they have been awarded a tenancy. Due to the attractive discounts offered by the Right to Buy scheme, fraud remains a concern, albeit most applicants are believed to be genuine.

Number of investigations	232
Investigations still ongoing	32
Completed investigations	200
No further action required	119
Housing applications cancelled	48
Properties recovered	33
Right to Buy purchases terminated	5
Value of Right to Buy terminations	£222,200
Social Housing Fraud Prosecutions	2

The Cabinet Offices' calculation method suggests the cost of social housing is £93,000 for each tenancy fraud and £3,200 for each false housing application. Based on this guidance notional savings of £3,222,600 have been identified.

### Adult Social Care / Direct Payments

Adult social care fraud can occur in number of ways, such as direct payments not being used to pay for the care of a vulnerable person, care workers claiming for time/money they have not worked or spending allocated budgets on inappropriate items.

Number of investigations	3
Investigations still ongoing	2
Completed investigations	1
No further action required	1

### School Admission Fraud

No financial value is attributed to such fraud. However, it continues to receive public interest due to the high demand for school places in Sandwell. A close working relationship has developed between the Counter Fraud Unit and the Council's Education Department. When a fraudulent application is detected the first-choice place will be removed and an alternative offer will be made based on the family's correct circumstances.

Number of investigations	11
Investigations still ongoing	1
Completed investigations	10
No further action required	5
First choice school place removed	5

### Blue Badge Fraud

The Blue Badge (Disabled Parking) scheme provides parking concessions for those who have a permanent or substantial disability. CIPFA currently consider it to be one of the four main fraud types in the country. However due to the low cost of parking in Sandwell in comparison to London Boroughs and other city centres the cost is considered to be far less a risk. Despite this Blue Badge fraud still carries an high public interest. This year the council has received several allegations from the public reporting their concerns and the Counter Fraud Unit obtained its first Blue Badge fraud prosecution.

Number of investigations	15
Investigations still ongoing	9
Completed investigations	6
No further action required	1
Blue Badge confiscations	4
Prosecutions	1

### In the News

The manager of a healthcare provider based in Sandwell was prosecuted for using an organisational blue badge while shopping in Oxford. She received a conditional discharge and was ordered to pay costs of £1,121.60.

The full article: <http://bit.ly/2xTKuhU>

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#### **Sandwell care manager prosecuted for misuse of blue badge**

By [David Cosgrove](#) | [Sandwell](#) | [News](#) | Published: Sep 5, 2017

A healthcare manager has been prosecuted after using a blue badge on her own 4x4 when she went shopping.

### Other allegations of fraud and misconduct

Due to the wide range of services provided by the council allegations of fraud and misconduct can be difficult to categorise. Cases highlighted below include: a Sandwell resident who attempted to obtain an adaptation grant for a property they no longer resided in, instances of staff not following prescribed procedures and theft of time by employees.

Number of investigations	19
Investigations still ongoing	6
Completed investigations	13
No further action required	5
Resulted in disciplinary proceedings	4
No other action than recommendations	2
Prosecutions	2
Value of loss / potential loss	£173,641

## In the News

A former Sandwell employee has been prosecuted after he submitted false timesheets and failed to declare he had begun employment at another public authority, while continuing to be employed by Sandwell Council. The investigation was initiated following the receipt of a NFI data match. Peter Walker received a two-year prison sentence for the fraud.

The full article: <https://bit.ly/2JUu1Ae>



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**News**

**Moonlighting Sandwell Council worker with two jobs is jailed for two years**

By John Scott | Oldbury | News | Published: Jun 9, 2018

A full-time Sandwell Council worker who pulled off a £110,000 fraud while moonlighting for the health service for eight years was starting a two-year jail sentence today.



### Partnership Working

Audit Services have a partnership working arrangement with the City of Wolverhampton Council and West Midlands Fire Service. As part of the arrangements the Counter Fraud Unit continue to provide a service to both organisations when required. This joint approach also sees an increase in shared best practice, working arrangements and counter fraud initiatives.

### National Anti-Fraud Network (NAFN)

The council is a member of NAFN. This is a not-for-profit, non-incorporated body. It was set up by the Home Office to offer local authorities an approved single point of contact to a whole range of data and intelligence that central government and other key bodies hold. It is mainly used by regulatory and investigative services within the public sector. The Head of Audit at the council is an Executive Board Member and the Treasurer for NAFN. This allows the council to play a key part in the organisation's continued success in driving forward the anti-fraud agenda.

### Midland Fraud Group

We have continued to organise, host and chair the group. The group consists of fraud officers from across the Midlands local authorities. Its purpose is to identify, share and build on best practice in all areas of fraud.