



Sandwell
Metropolitan Borough Council

Counter Fraud Update Report – November 2018



November 2018

1 Introduction

The purpose of this report is to provide the Audit and Risk Assurance Committee with an interim update on the counter-fraud activities undertaken by Audit Services' Counter Fraud Unit since reporting last to the committee in July 2018.

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 Unit is responsible for carrying out investigations into areas of suspected or reported fraudulent activity and carries out both pro-active and re-active work.

3 Counter Fraud Update

Cabinet Office – National Fraud Initiative Report 2018

The Cabinet Office has published its National Fraud Initiative report (Appendix 1). The report identifies the results from National Fraud Initiative (NFI) exercise for the period 1 April 2016 to 31 March 2018. Fraud of £301.2 million was detected and prevented through the programme. The key areas of fraud detected were Housing fraud, including housing waiting lists, Council Tax, including Single Person Discount and Pension frauds.

Fraud and error identified by council as part of the NFI programme were as follows:

	2016/18 Value
Housing Benefit	£18,500
Council Tax	£21,000
Housing Fraud	£447,500
TOTAL	£487,000

Work is already under way for the forthcoming NFI exercise. In October 2018 data submissions were made by the Counter Fraud Unit. Data sets from numerous council departments will be matched with data submitted by 1,200 other bodies, including

local and central government, the NHS and pension authorities. The results of the matches are expected to be available from January/February 2019. Analysis and investigation work will then commence.

National Fraud Initiative Business Rates Pilot

This year the Cabinet Office have launched a pilot to develop a data matching pilot programme to identify fraud and avoidance within Business Rates. The council was selected to participate in the pilot. Results and experience obtained from the pilot will be used by the Cabinet Office to develop the matching programme and future exercises.

Council House Crackdown

The work carried out by the Counter Fraud Unit in tackling social housing fraud featured on the BBC One TV series, Council House Crackdown. The show was aired during the daytime earlier in the year.

Efforts to tackle social housing fraud continue to be a large feature of the work carried out by the Counter Fraud Unit. In September a new Tenancy Fraud Officer was appointed in order to build stronger relations between the team and Neighbourhoods to tackle the problem. Recent work has seen participation in the council's Safer 6 Campaign and increased publicity in each of the neighbourhood offices.

Midland Fraud Group

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

In January 2019 we will be hosting Laura Hough from the Ministry of Housing, Communities and Local Government who is currently undertaking a review into the risks of fraud and corruption in local government procurement.

CIPFA Annual Fraud and Corruption Tracker 2018

In June 2018, local authorities were encouraged to respond to CIPFA's annual fraud survey, which Sandwell participated in. The information obtained from the survey was used to produce the Fraud and Corruption Tracker (Appendix 2).

Sandwell was one of two local authorities to receive an acknowledgement, as one of the Counter Fraud Unit's investigations features as a case study on page 9 of the report.

The report identified that in 2017/18 approximately 80,000 frauds were detected or prevented by local authorities. Social housing fraud, such as subletting and false housing applications was estimated to be the highest value of fraud, totalling £216.1m. Council Tax, including false single occupancy discounts, was identified as the most common fraud (based on the volume detected).

The amount of detected Business Rates fraud showed a significant increase with £10.4m of fraud identified nationally. The four main types of fraud were identified as council tax, housing, disabled parking (Blue Badge) and business rates.

The results from Sandwell’s survey when compared to the previous years data

	2017/18		2016/17	
	Positive investigations	Value	Positive investigations	Value
Council Tax	121	£63,968	211	£82,999
Housing	83	£3,574,000*	140	£9,201,000 *
Blue Badge	3	£0.00** 4 blue badges recovered	1	£0.00 1 blue badge recovered
Business Rates	3	£15,039	0	£0.00
Other Frauds	8	£665,000**	5	£27,500

* based on the Cabinet Office formula at the time

** no national calculation is provided for Blue Badge Fraud cases of this nature.

*** this includes an ongoing investigation being processed through the Courts system, with an estimated value of £500,000.

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.