



Northumberland County Council

Audit Committee

Wednesday, 27 March 2024

Corporate Fraud Interim Report

Report of Councillor(s) Cllr. Richard Wearmouth, Deputy Leader and Cabinet Member for Corporate Services

Responsible Officer(s): Jan Willis, Executive Director for Resources & Transformation (S151)

1. Link to Key Priorities of the Corporate Plan

The work of the Corporate Fraud Team and the Audit Committee contributes to the achievement of all priorities in the Council's Corporate Plan. In particular, it supports the "Achieving Value for Money" priority of the Corporate Plan 2023-26.

2. Purpose of report

The purpose of this report is to update Audit Committee on Corporate Fraud activity undertaken during the period 1 April 2023 – 30 September 2023.

3. Recommendations

- 3.1 It is recommended that Audit Committee notes and considers the update on work undertaken by the Corporate Fraud Team, and Counter Fraud Risk Assessment attached as Appendix 1, as part of Audit Committee's role in maintaining governance oversight of counter-fraud activity as part of the overall framework of governance, risk management and control.

4. Background

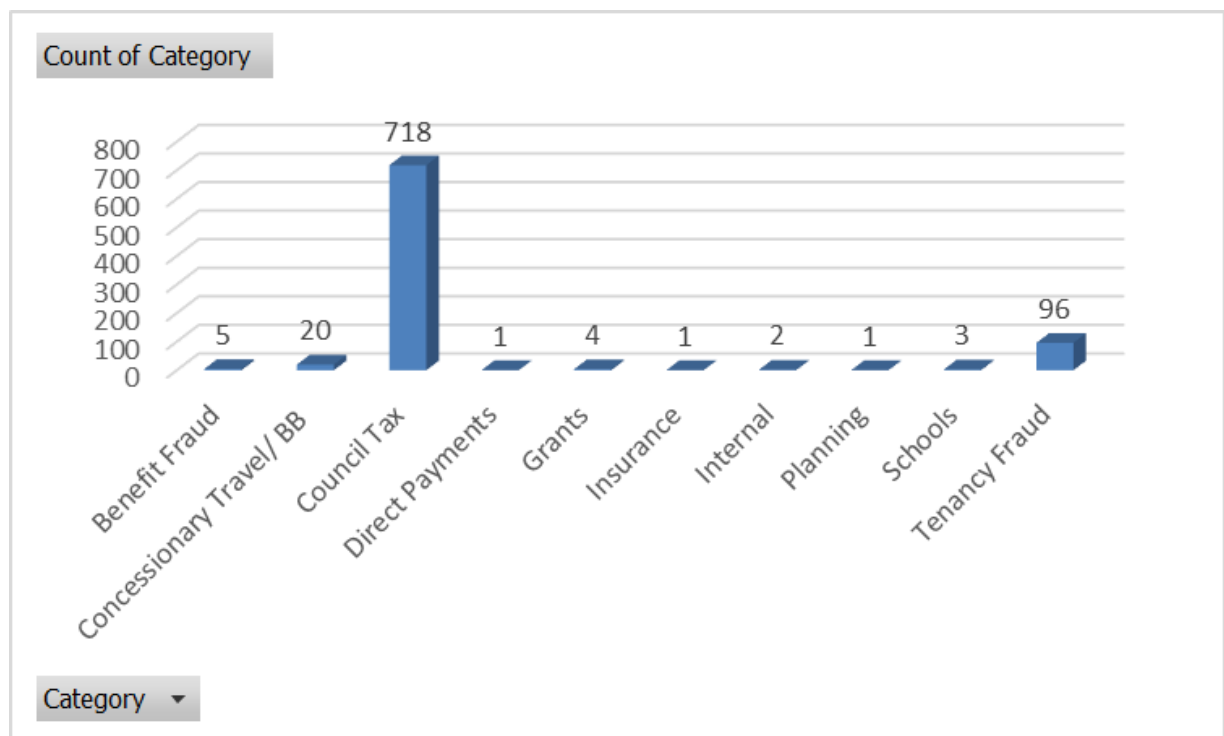
- 4.1 The Council is committed to providing an effective Anti-Fraud Service, supported by efficient policies and sanctions for those that offend. Counter fraud is the responsibility of everyone in the Council and by ensuring that effective measures are in place to prevent, detect, investigate, and report fraud we can ensure that public money is spent where it should be, on services for the community.
- 4.2 Failure to investigate fraud will see money leaving the Council by way of fraud or error and failure to tackle this effectively could lead to qualified subsidy claims and loss of revenue for the Council. It is therefore important to demonstrate that

resources are focused on fraud reduction and to identify, investigate and rectify administrative weaknesses to provide assurance of the quality and integrity of investigations.

- 4.3 The Corporate Fraud Team forms part of the Council’s Internal Audit and Risk Management Service. During this reporting period the Corporate Fraud Team was resourced by 5 full time officers. A two-year project to review all households receiving Single Person Discount (SPD) on their Council Tax liability commenced in August 2022. Two fixed-term posts were subsequently created, with one post becoming vacant on 1 September 2023.

Performance April 2023 – September 2023

- 4.4 During this period, 761 referrals were opened and 851 closed. With the exception of Right to Buy (RTB) verification and SPD data matches, these were reactive referrals, where a report of a suspicion of fraud had been received. The chart below details the case categories for the 851 referrals closed. Council Tax is by far the largest area of investigation, a large proportion of these come from the SPD review project. Further details of this project are provided at paragraphs 4.9 to 4.13.



- 4.5 The team were responsible for achieving fraud prevention, detection, and identification values shown in the table below.

Result Type	Total Achieved	Comment
Housing Tenancy	£474,100	1 Illegal eviction prevented 11 Properties recovered
Right to Buy & Right to Acquire	NCC £494,700 Karbon £0 Bernicia £175,598	42 received / 10 withdrawn * 2 Received / 0 withdrawn 18 received / 7 withdrawn
Council Tax	£23,921 £187,508 £8,765	Council Tax Support / Council Tax Reduction (CTR) Single Person Discount Exempt properties / new liabilities
Blue Badge	£100	2 disabled parking badges cancelled
Covid 19 relief	£10,000	This figure includes business grants and self- insulation payments
Housing Benefit	£8,752	We no longer investigate HB, overpayments are automatically created alongside CTR reassessments.
Total	£1,383,444	

Table 1: Investigation Team Performance from 1 April – 30 September 2023

* In addition to the savings outlined above, the 10 properties remain part of our housing stock and continue to generate rental income although no evaluation has been made of the additional income that this will provide for the Council each year.

4.6 Additional external income totalling £7,000 was also generated during the period, as detailed in the table below.

Source	Value	Reason
Administration Penalties	£1,000	1 Administration Penalty accepted
Bernicia (RTB)	£5,400	18 Applications x £300
Karbon (RTB)	£600	2 Applications x £300
Total	£7,000	

Table 2: Additional income generated from 1 April – 30 September 2023

4.7 Following the relaxing of Covid restrictions, the Corporate Fraud Team have returned to face-to-face interviews and more criminal-focused investigations. This has resulted in us being able to consider relevant sanctions and prosecution. Investigations closed with successful criminal sanctions are therefore increasing and those sanctions during the period are summarised in the table below.

Sanction Type	Number	Details
Administration Penalty (Only applicable in CTS investigations)	1	1 – Council Tax Support (CTS) overpayment
Caution	5	2 – Council Tax Support (CTS) overpayment 2 – Bus Pass 1 – Blue Badge
Total	6	

Table 3: Completed investigations resulting in successful sanctions from 1 April – 30 September 2023

Preventative Measures

- 4.8 The Corporate Fraud Team have worked with several internal departments and external bodies to help assess their fraud risk and implement measures to deter fraudsters and prevent fraud and error entering the system. It is widely acknowledged that prevention is a far more cost-effective measure to reduce fraud and error than detection, however, is far more difficult to measure. A summary of preventative activity undertaken during the period is summarised in the table below.

Partner	Summary of work
Right to Buy Teams - NCC, Karbon and Bernicia	Due diligence and Anti-Money Laundering checks on all NCC and Bernicia applications to ensure properties are only sold to those entitled. Karbon refer their more complex applications for further investigation.
Social Housing	Fraud awareness training with housing officer. Planning work commenced to begin using data matching technology to review the housing waiting list. Continue to chair and run the North East Tenancy Fraud Forum, bringing together local authorities and registered social landlords. Planning and preparation for Regional Tenancy Fraud Awareness week.
Insurance	Additional investigation into cases progressing to litigation or of high suspicion.
Planning and S106 Officers	Continued support and advice with affordable homes discount applications.
Business Grants	Ongoing support with post assurance and debt recovery action.

Partner	Summary of work
Blue Badge Misuse	Took part in the National Day of Action, accompanying enforcement officers for the day to create awareness with the public and to target misuse. Followed by fraud awareness with enforcement officers at a team event and a new agreed process for dealing with misuse. In addition to the criminal sanction reported at Table 3 above, the new process has resulted in a further 4 written warnings which have been issued and recorded, alongside a Penalty Charge Notice (PCN).
Counter Fraud Risk Assessment	Work undertaken to identify and assess fraud risks across service areas within the County Council. This assessment identifies the risks specific to the County Council and evaluates measures already in place to mitigate the risks, to identify proactive priorities for Corporate Fraud resource. The Counter Fraud Risk Assessment is attached to this report as Appendix 1.
National Anti Fraud Network (NAFN)	The Corporate Fraud team receive national fraud alerts from NAFN which are shared with the relevant departments to raise awareness of threats and additional checks which may be required. CF also send reports to NAFN of Fraud attacks and attempted fraud attacks.

Table 4: Preventative activity undertaken in partnership from 1 April – 30 September 2023

Single Person Discount (SPD) Project

- 4.9 A proactive 2-year project was launched in October 2022, with the aim of risk assessing and reviewing all households within Northumberland where SPD is applied to Council Tax liability. At the outset of the project approximately 36% of households (56,000) within Northumberland received Single Person Discount.
- 4.10 The project uses our data matching system, IDIS, and was led by an investigating officer supported by two fixed-term SPD officers. Following review of the matches, home visits are undertaken to households.
- 4.11 Reviews are performed by individual Parishes, so that the data is current. During this reporting period, work commenced on data extraction and matching for the following Parishes:
- Belsay
 - Capheaton & Bavington
 - Kirkwhelpington
 - Matfen
 - Ponteland
 - Prudhoe
 - Seaton Valley
 - Stamfordham
 - Stocksfield
 - Wallington Demesne
 - Whalton

- 4.12 The results from this project are included in the table at paragraph 4.5 and totalled **£186,162.31** during the period 1 April 2023 – 30 September 2023.
- 4.13 In addition to financial results relating to SPD, visits undertaken as part of this project have also resulted in reports and referrals relating to:
- Housing Fraud – sublets / abandoned properties
 - Benefit Fraud
 - Highways – Street lighting, potholes, uneven paving
 - Debtor tracing
 - Safeguarding
 - Benefit uptake
 - Council Tax discounts / disregards

Regulation of Investigatory Powers Act 2000 (RIPA)

- 4.14 Since the last report to Audit Committee, there have been no applications for Directed Surveillance.

5. Options open to the Council and reasons for the recommendations

- 5.1 Not applicable.

6. Implications

Policy	None.
Finance and value for money	Investigations into suspected fraud, corruption and theft help identify financial losses incurred by the Council and assist in the process of seeking recovery of such sums. It also supports the governance framework.
Legal	The County Council has a legal responsibility under the Accounts and Audit Regulations 2015, to ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective, and includes effective arrangements for the management of risk. As part of discharging this responsibility, the County Council has a responsibility to embed effective standards for countering fraud, corruption and bribery into the organisation. This supports good governance and demonstrates effective financial stewardship and strong public financial management. Audit Committee’s agreed Terms of Reference include responsibility for reviewing the assessment of fraud risks and potential harm to the Council from fraud and corruption, and to monitor the Council’s counter-fraud strategy, actions and resources.
Procurement	None.

Human resources	None.
Property	None.
The Equalities Act: is a full impact assessment required and attached?	No - no equalities issues identified Equality Impact Assessment not required.
Risk assessment	Work carried out within the scope of this report reduces the risk of financial loss and adverse publicity to the Authority through fraud.
Crime and disorder	A programme of proactive counter fraud work reduces the potential opportunities for fraud and corruption within the Council's activities.
Customer considerations	None.
Carbon reduction	Hybrid working has reduced the team's carbon footprint. Consideration is also given to combine visits to the same area to reduce the frequency of travel to the same area.
Health and wellbeing	None.
Wards	(All Wards);

7. Background papers

Not applicable.

8. Links to other key reports already published

Not applicable.

9. Author and Contact Details

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