
NORTH AYRSHIRE COUNCIL

12 November 2019

Audit and Scrutiny Committee

Title: Corporate Fraud Team: Mid-year Progress

Purpose: To provide the Audit and Scrutiny Committee with a mid-year progress report on the work of the Corporate Fraud Team.

Recommendation: That the Committee notes the work carried out by the Corporate Fraud Team between April and September 2019.

1. Executive Summary

- 1.1 The Corporate Fraud Team provides the Council with the capacity to investigate fraud both within and against the organisation.
- 1.2 Committee receives bi-annual updates on the work of the team. This report provides an overview of the activity of the team between April and September 2019.

2. Background

Investigation Work

- 2.1 Referrals for investigation have been made to the team from a number of different sources, including Revenues and Benefits and Housing, members of the public and other agencies and local authorities. The publicity used by the team, including posters and leaflets, advertising on Council vans and contact information on the Council website, continues to be successful in generating a stream of referrals.
- 2.2 Investigations have been carried out across a range of areas including employee-related matters as well as Council Tax, Discretionary Housing Payments, Scottish Welfare Fund, Blue Badges and Housing tenancy issues. Although responsibility for investigating Housing Benefit fraud now lies with the DWP Single Fraud Investigation Service (SFIS), issues may be identified by the Corporate Fraud Team which can result in changes being made to benefits in payment. The team has also commenced formal joint working with SFIS in cases where there are suspected frauds relating to both Housing Benefit and Council Tax Reduction.

- 2.3 The team received 202 referrals for investigation during the first half of 2019-20 and financial recoveries of £143,000 were achieved for the Council. A number of onward referrals were also made by the team to SFIS, Police Scotland and other Council Services. All referrals made to the team are investigated although many can subsequently prove unfounded.
- 2.4 Employee-related investigations are the subject of a separate report to the appropriate Service and the findings are also reported to the Audit and Scrutiny Committee.
- 2.5 The team investigates all tenancy abandonments which are referred by Housing. While Housing focus on recovering the tenancy, the Corporate Fraud Team can add value by locating the missing tenant, which can often lead to changes to benefits or discounts in payment elsewhere, as well as enabling Housing to recover costs associated with house clearances and cleaning. 12 tenancies were recovered by Housing during the first half of 2019-20 with involvement from the Corporate Fraud Team and associated financial recoveries are included within the figure at 2.3 above.
- 2.6 All Blue Badge referrals were investigated, and this resulted in the recovery of 5 badges and the issue of 7 warning letters for misuse.
- 2.7 The team continues to lead the Council's response to unlicensed HMO (House of Multiple Occupation) investigations, working in conjunction with Licensing, Building Standards and the Private Sector Housing Team. A further case was referred to the Procurator Fiscal during the first half of 2019-20. Two other significant cases which were investigated during 2018-19 remain with the Procurator Fiscal.
- 2.8 A further HMO case which was reported to the Procurator Fiscal during 2018-19 resulted in a successful prosecution in May 2019, when a local letting agent was found guilty of breaching the Housing (Scotland) Act 2006 by facilitating the occupation of an unregistered house in multiple occupation and fined £750. The financial advantage for an individual in this type of case includes the avoidance of the HMO licence fee, the avoidance of repair costs to bring the property to a tolerable standard and the collection of rental income.

Other Updates

- 2.9 Potential data matches from the biennial National Fraud Initiative (NFI) exercise were received from the Cabinet Office in February 2019. Investigation of these is ongoing by the appropriate teams across the Council and the outcomes will be the subject of a future report to the Audit and Scrutiny Committee. The deadline for investigation of the potential matches is March 2020.
- 2.10 International Fraud Awareness Week takes place between 17th and 23rd November and a number of awareness-raising events are planned by the team in public areas across North Ayrshire.

3. Proposals

- 3.1 It is proposed that the Committee notes the work carried out by the Corporate Fraud Team.

4. Implications/Socio-economic Duty

Financial

4.1 None.

Human Resources

4.2 None.

Legal

4.3 None.

Equality/Socio-economic

4.4 None.

Environmental and Sustainability

4.5 None.

Key Priorities

4.6 The work of the Corporate Fraud Team helps to support the efficient delivery of the strategic priorities within the Council Plan 2019-2024.

Community Wealth Building

4.7 None.

5. Consultation

5.1 No consultation has been required in the preparation of this report.

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For further information please contact **Paul Doak, Senior Manager (Internal Audit, Risk and Fraud)**, on **01294-324561**.

Background Papers

None.

