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# NORTH AYRSHIRE COUNCIL

15 November 2022

## Audit and Scrutiny Committee

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**Title:** Corporate Fraud Team update report

**Purpose:** To provide the Audit and Scrutiny Committee with an update report on the work of the Corporate Fraud Team between April and September 2022.

**Recommendation:** That the Committee notes the work carried out by the Corporate Fraud Team.

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### 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 2022.

### 2. Background

#### Referrals

- 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. Joint working with the DWP paused during the COVID-19 pandemic, but has since recommenced. This formal joint working arrangement is in place for cases where there are suspected frauds relating to both DWP benefits and Council Tax Reduction.

- 2.3 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.
- 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 as each investigation is finalised.

#### Financial outcomes for April to September 2022

- 2.5 The team received 176 referrals for investigation during the first half of 2022/23 (2021/22: 169 referrals). The team investigates 100% of referrals made. During the period, 161 cases were closed (2021/22: 144 cases). These can be categorised as follows:

<b>Category</b>	<b>Number of Cases</b>
Closed with no issues identified	75
Referred to another agency (including SFIS) or Council Service for investigation	42
Closed with results achieved (fraud, error or other recovery/action)	44
<b>TOTAL</b>	<b>161</b>

- 2.6 Fraud and error totalling £0.079m were identified and are categorised in the table below:

<b>Category</b>	<b>Value (£000)</b>
Housing Benefit	13
Council Tax (including CTR, Single Person Discount and other recoveries)	33
Housing	8
Other (including employee investigations)	25
<b>TOTAL</b>	<b>79</b>

#### Non-financial outcomes for April to September 2022

- 2.7 In addition to the financial outcomes noted above, other outcomes/benefits were noted as follows:
- Twenty-six tenancies were recovered by Housing with some assistance from the Corporate Fraud Team;
  - One warning letter was issued for blue badge misuse, with a further badge being recovered for misuse.
  - One application for a new tenancy has been refused as a result of pro-active checks on tenancy successions, joint tenancies, and tenancy exchanges.
  - Two employee investigations have been taken forward to disciplinary action by services.
  - One case was referred to the Crown Office and Procurator Fiscal Service (COPFS) for them to consider prosecution.

### Pro-Active work

- 2.8 Two data matching exercises commenced in 2021/22 using data from the council tax and payroll systems, the aim of which was to identify any anomalies in the council tax accounts of council employees. £0.030m of recoveries were reported in the year end report for 2021/22 presented to Audit and Scrutiny Committee in May 2022. A further 18 cases were closed in 2022/23 with single person's discount anomalies amounting to £0.025m.
- 2.9 This brings recoveries from the full exercise to £0.055m (2021/22: £0.030m; 2022/23: £0.025m).

### National Fraud Initiative (NFI)

- 2.10 The NFI is a long-established exercise which takes place across the UK every two years and involves the matching of relevant datasets across public bodies to identify possible fraud or error for further investigation. The team co-ordinates the Council's participation in the NFI.
- 2.11 Potential data matches from the 2020/21 exercise were received from the Cabinet Office between February and September 2021 and passed to the appropriate teams for investigation. Following conclusion of investigation work, the outcomes for North Ayrshire Council were as follows:

<b>Category</b>	<b>Value (£000)</b>
Blue badges (89 errors)	51
Council Tax Single Person Discount (30 frauds and 1 error)	26
Business rates (1 error)	8
Council Tax reduction (1 error and 3 frauds)	3
Housing Benefit (1 error)	2
Creditor Payments (1 error)	1
<b>TOTAL</b>	<b>91</b>

- 2.12 The NFI exercise for 2022/23 is underway, commencing with the completion of compliance declarations. The Council's data sets are due to be submitted to the Cabinet Office imminently with data matches expected to be available in early 2023. The outcomes from that exercise will be reported to a future meeting of the Audit and Scrutiny Committee.

### International Fraud Awareness Week

- 2.13 International Fraud Awareness Week takes place from 13 – 19 November 2022. With the removal of COVID-19 restrictions, plans are in place to once again hold events at properties across North Ayrshire. The purpose of these visits is to raise knowledge and awareness of the Corporate Fraud Team.

## **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.

##### **Climate Change and Carbon**

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 **Laura Miller, Senior Manager (Audit, Fraud, Safety and Insurance)**, on **01294 324524**.

##### **Background Papers**

None