
NORTH AYRSHIRE COUNCIL

30 May 2023

Audit and Scrutiny Committee

Title: Corporate Fraud Team Annual Report 2022/23

Purpose: To provide the Audit and Scrutiny Committee with an update report on the work of the Corporate Fraud Team during 2022/23.

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

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. A mid-year update for 2022/23 was provided in November 2022 and this report provides an overview of the key activities and outcomes for the full year.

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. Formal joint working arrangements are in place with the DWP 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.

Outcomes 2022/23

- 2.5 The team received 357 referrals for investigation during 2022/23 (2021/22: 280 referrals). All referrals made to the team are investigated although many can subsequently prove unfounded.
- 2.6 346 cases were closed during 2022/23 (2021/22: 284 cases). These can be categorised as follows:

| Outcome | Number of Cases |
|--|------------------------|
| Closed with no issues identified | 164 |
| Referred to another agency (including SFIS) or Council Service for investigation | 73 |
| Closed with results achieved (fraud, error or other recovery/action) | 109 |
| TOTAL | 346 |

- 2.7 Fraud and error totalling £0.236m were identified and are categorised in the table below:

| Category | Value (£000) |
|--|---------------------|
| Housing Benefit | 29 |
| Council Tax (including CTR, Single Person Discount and other recoveries) | 111 |
| Covid-19 grants | 51 |
| Discretionary Housing Payments | 3 |
| Housing | 9 |
| Other | 33 |
| TOTAL | 236 |

- 2.8 Furthermore, cases which have been pending at court and stalled due to the Covid-19 pandemic are now starting to progress through the system. Two cases previously reported to the Crown Office and Procurator Fiscal Service (COPFS) have now concluded:

- In 2021/22, one case was included in the financial outcomes report to the Audit and Scrutiny Committee with a value of £0.015m. The case concluded at court in August 2022 with a guilty verdict and the ordering of 200 hours of community payback to be completed within 12 months.
- In 2019/20, one case was included in the financial outcomes report to the Audit and Scrutiny Committee with a value of £0.024m. The case concluded at court in March 2023 with a not guilty verdict.

2.9 In addition to the financial outcomes noted above, other outcomes/benefits were noted as follows:

- 53 tenancies were recovered by Housing with some assistance from the Corporate Fraud Team;
- One application for a new tenancy has been refused as a result of pro-active checks on tenancy successions, joint tenancies, and tenancy exchanges;
- Six blue badge cases were investigated during the year. Five cases were closed with no issue, and one case resulted in the recovery of a blue badge, the issue of a warning letter, and a referral to the CoPFS for prosecution; and
- Four employee investigation reports have been taken forward, with three concluding with a recommendation for the service to consider disciplinary action.

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).

International Fraud Awareness Week

2.9 International Fraud Awareness Week took place from 13 – 19 November 2022. Events were held across several properties in North Ayrshire during that week including the Rivergate Shopping Centre, Sainsbury's Saltcoats, and Brooksby Medical Centre in Largs. The purpose of these visits was to raise knowledge and awareness of the Corporate Fraud Team.

National Fraud Initiative (NFI)

2.10 The National Fraud Initiative (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.

2.11 The latest biennial NFI exercise commenced in October 2022 with the submission of data sets to the Cabinet Office. The team co-ordinates the Council's participation in the NFI. Data matches to date have been received between January and March 2023 and passed to the appropriate teams for further investigation. This exercise is due to be complete by March 2024 and the outcomes will be reported to a future meeting of the Audit and Scrutiny Committee.

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 Risk)**, on **01294 324524**.

Background Papers

None