
NORTH AYRSHIRE COUNCIL

17 November 2020

Audit and Scrutiny Committee

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 during 2019/20 and between April and September 2020.
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 normally receives bi-annual updates on the work of the team. No final report was provided for 2019/20 due to the cancellation of the May committee, so this report provides an overview of the activity of the team during 2019/20 and between April and September 2020.

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 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.

2019/20

- 2.4 The team received 351 referrals for investigation during 2019-20 and fraud and error amounting to £0.371m were identified. A number of onward referrals were also made by the team to SFIS and other Council Services. All referrals made to the team are investigated although many can subsequently prove unfounded.
- 2.5 A breakdown of the fraud and error by category is shown in the table below:

Category	Value (£000)
Overpayment to supplier	165
Housing Benefit	118
Council Tax Reduction and Single Person Discount	79
Other	9
TOTAL	371

- 2.6 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. 27 tenancies were recovered by Housing during 2019-20 with involvement from the Corporate Fraud Team and associated financial recoveries are included within the table at 2.5 above.
- 2.7 All Blue Badge referrals were investigated, and this resulted in the recovery of 1 badge, the refusal of 1 new application, 3 referrals to the Procurator Fiscal and the issue of 15 warning letters for misuse.

2020-21 (first half-year)

- 2.8 A further 122 referrals were received during the first 6 months of 2020-21. This represented a significant reduction as there were few referrals during the early weeks of lockdown. Fraud and error totalling £0.039m were identified and are shown in the table below:

Category	Value (£000)
Housing Benefit	5
Council Tax Reduction and Single Person Discount	27
Other	7
TOTAL	39

- 2.9 A further 8 tenancies were recovered by Housing with some involvement from the Corporate Fraud team. There is no activity to report in relation to Blue Badges. Both these areas were impacted by lockdown.

National Fraud Initiative (NFI)

- 2.10 Potential data matches from the biennial National Fraud Initiative (NFI) exercise were received from the Cabinet Office in February 2019. Investigation of these was concluded during March 2020. Outcomes for North Ayrshire Council were as follows:

Category	Value (£000)
Council Tax reduction (2 frauds)	9
Creditor Payments (2 errors)	15
Housing Benefit (38 errors)	35
Council Tax Single Person Discount (60 frauds and 7 errors)	66
TOTAL	125

- 2.11 The next NFI exercise commenced in October 2020 with the submission of the Council's data sets. Potential matches are expected in February 2021 and will be passed to the appropriate Council Service for investigation. 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.

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 (Audit, Fraud, Safety and Insurance)**, on **01294-324561**.

Background Papers

None.

