
NORTH AYRSHIRE COUNCIL

30 May 2024

Audit and Scrutiny Committee

Title: Corporate Fraud Team Annual Report 2023/24

Purpose: To provide the Audit and Scrutiny Committee with an update report on the work of the Corporate Fraud Team during 2023/24.

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 2023/24 was provided in November 2023 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 2023/24

- 2.5 The team received 398 referrals for investigation during 2023/24 (2022/23: 357 referrals). All referrals made to the team are investigated although many can subsequently prove unfounded.
- 2.6 385 cases were closed during 2023/24 (2022/23: 346 cases). These can be categorised as follows:

Outcome	Number of Cases
Closed with no issues identified	184
Referred to another agency (including SFIS) or Council Service for investigation	81
Closed with results achieved (fraud, error or other recovery/action)	120
TOTAL	385

- 2.7 Fraud and error totalling £0.139m were identified and are categorised in the table below:

Category	Value (£000)
Housing Benefit	27
Council Tax (including CTR, Single Person Discount and other recoveries)	84
Discretionary Housing Payments	2
Care Fees	18
Other	8
TOTAL	139

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

- 69 tenancies were recovered by Housing with some assistance from the Corporate Fraud Team.
- 65 referrals were made to the Single Fraud Investigation Service.
- 22 referrals were made to other services, local authorities or agencies.
- In respect of blue badge cases investigated, two cases concluded with a warning letter to the badge holder, two warning letters were issued to third parties, and one badge was recovered.
- 22 investigations resulted in updates and corrections to records.
- Five internal investigation reports have been taken forward with recommended actions for control improvements.

International Fraud Awareness Week

2.9 International Fraud Awareness Week took place from 12 – 18 November 2023. IFAW was promoted throughout North Ayrshire Council by social media campaign.

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 data sets were submitted to the Cabinet Office in October and November 2022, with most matches released in early 2023. However, a number of matches have been released more recently in late 2023 and early 2024. This information has been disseminated to the appropriate teams across the council for investigation.

2.12 The National Exercise and the ReCheck exercise for 2022/23 is now complete. Audit Scotland will publish their national report in summer 2024, and thereafter the Audit and Scrutiny Committee will receive details of the full results as they relate to North Ayrshire.

Compliance with the Code of Practice

2.13 CIPFA published their Code of Practice on *Managing the Risk of Fraud and Corruption* in 2014. The Code covers five key principles which are to:

- Acknowledge the responsibility of the governing body for countering fraud and corruption;
- Identify the fraud and corruption risks;
- Develop an appropriate counter fraud and corruption strategy;
- Provide resources to implement the strategy; and
- Take action in response to fraud and corruption.

2.14 Each principles has specific steps which are required to be met in order to comply with the Code. A self assessment against the Code, its principles, and its specific steps has been carried out. Having considered these principles, it is concluded that North Ayrshire Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

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 Our Council Plan 2023-2028.

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