
NORTH AYRSHIRE COUNCIL

1 June 2021

Audit and Scrutiny Committee

Title: Corporate Fraud Team Annual Report 2020/21

Purpose: To provide the Audit and Scrutiny Committee with an update report on the work of the Corporate Fraud Team during 2020/21.

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 2020/21 was provided in November 2020 and this report provides an overview of the key achievements during 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. The team had commenced formal joint working with SFIS in cases where there are suspected frauds relating to both Housing Benefit and Council Tax Reduction, although this has been suspended during the pandemic.
- 2.3 The team received 265 referrals for investigation during 2020-21. All referrals made to the team are investigated although many can subsequently prove unfounded.

Outcomes

- 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.
- 2.5 Like many Council Services, the Corporate Fraud Team had to work in different ways throughout 2020-21. For much of the year, it was not possible to visit properties or carry out face-to-face interviews. Despite this, 287 cases were closed during the year. These can be categorised as follows:

Outcome	Number of Cases
Closed with no issues identified	155
Referred to another agency (including SFIS) or Council Service for investigation	70
Closed with results achieved	62
TOTAL	287

- 2.6 A breakdown of the fraud and error by category is shown in the table below:

Category	Value (£000)
Housing Benefit	8
Council Tax (including CTR, Single Person Discount and other recoveries)	64
Covid business support grants	10
Scottish Welfare Fund	1
Housing	9
TOTAL	92

- 2.7 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. 18 tenancies were recovered by Housing during 2020-21 with involvement from the Corporate Fraud Team and associated financial recoveries are included within the table at 2.6 above.
- 2.8 All Blue Badge referrals are investigated; this activity was restricted due to the pandemic, but 2 warning letters were issued for misuse of badges.

Pro-active Work

- 2.9 A data match exercise was carried out using data sets from both the Council Tax system and the Payroll system. The aim of this was to identify any anomalies in the Council Tax accounts of Council employees.
- 2.10 The potential matches are currently under investigation and the outcomes from this exercise will be reported to a future meeting of the Committee.

National Fraud Initiative (NFI)

2.11 The latest biennial National Fraud Initiative (NFI) commenced in October 2020 with the submission of data sets to the Cabinet Office. The team co-ordinates the Council's participation in the NFI. Data matches were received in February 2021 and passed to the appropriate teams for further investigation. This exercise is due to be complete by March 2022 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.

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.

Mark Boyd
Head of Finance

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

Background Papers

None.