Corporate Counter Fraud

Business Plan

2015 – 2016
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1 Introduction

1.1 Local Authorities have a duty to safeguard public funds and take responsible steps to ensure that the Council Tax Reduction Scheme and Social Housing are awarded to the right people at the right time. All Members, Staff and Contractors of the Council are committed to a zero tolerance of any fraudulent activity; arising both internally and externally.

1.2 In the document, ‘Protecting the Public Purse, 2014’, Local Authorities detected some 57,400 offences of non-benefit related fraud totalling some £59 million during 2013. This includes some £12.3 million of right to buy fraud and £16.9 million Council Tax Discount Fraud.

1.3 The instances of recovery of council houses resulting from social housing fraud have risen by 436% over the last 5 years in non-London Boroughs.

1.4 Subject to the direction of the Head of Internal Audit and, with an agreement to work in partnership with Suffolk County Council, during 2015 - 2016 the Fraud Team could conduct fraud investigations in the following general priority areas (as suggested in ‘Protecting the Public Purse, 2014’):

- Tenancy
- Council Tax Reduction Scheme Discount
- Business Rates
- Right to Buy
- Abuse of Position
- Housing Benefit Matching Service data analysis (service requested by Shared Revenues Partnership)
- Payroll, Pensions and Expenses
- Recruitment
- False Insurance Claims
- Blue Badge Scheme (in partnership with Suffolk County Council)
- Procurement
- Economic, 3rd Sector and Grants
- National Fraud Initiative Matches (statutory national exercise)
- Whistleblowing
- Any other fraud issue which may arise

1.5 The Corporate Fraud Team based at Ipswich Borough Council Offices is a section within the Audit Partnership. It undertakes dedicated fraud prevention, detection, investigation and intelligence gathering activities on behalf of the Local Authority.

1.6 The team receives referrals from internal staff, external agencies and departments (including the National Fraud Initiative data matching exercises) along with anonymous referrals from members of the public. A confidential telephone Fraud ‘Hotline’ (Tel: 01473 433999), is available for members of the public to report their suspicions of fraud. In addition, fraud referral forms are available to staff and the public at various Council establishments and suspected fraud can also be reported via the Council websites on the Internet.
1.7 In all cases where fraud is suspected or alleged, resources from the investigation team will be allocated to assess the cases; they may involve partner agencies where necessary and appropriate. Potential investigations can involve any suspicion of fraudulent or corrupt activity involving the work of other Local Authorities or Registered Social Landlords who may agree to purchase “investigation time”.

1.8 Examples of the widening scope of investigations at Ipswich Borough include tenancy fraud, right to buy fraud and undertaking whistleblowing investigations. A number of activities authorised under the Proceeds of Crime Legislation may also be pursued as the Head of Internal Audit is trained as a Senior Appropriate Officer for such investigations.

1.9 This Business Plan will reassure stakeholders that robust processes exist to deal with any corrupt or fraudulent activity.

1.10 From 1st May 2015 the investigation of Housing Benefit Fraud will transfer to the Department of Work and Pensions. This Business Plan will be operating after that change has occurred.

2 Aims and Objectives

2.1 This Business Plan:

- Sets out the key activities the Service delivers;
- Sets out targets for the Service to achieve and the resources allocated to the Service to achieve these targets;
- Identifies the main risks associated with delivery of the targets;

2.2 This plan has been agreed with the Corporate Management Team.

2.3 Colleagues within service areas have been consulted upon the requirements of the plan. The responsibility for monitoring performance in this area lies with the members of the Audit and Governance Committee.

3. Main Issues 2015-16

3.1 Ipswich Borough Council are conducting a ‘Transformation Programme’ in all Service Areas but the impact, if any, on the role of the Corporate Fraud Investigation Service is unknown at the time of this plan.

3.2 Recruitment to the continuing IBC Fraud Service including job descriptions, advertisement and all associated HR functions will require completion.

3.3 Developing pro-active Corporate Fraud activities for the Service with more priority being given to Housing Tenancy Fraud and Right to Buy allegations in the Ipswich Borough Council area.
3.4 Potentially assisting the Shared Revenues Partnership with financial enquiries into Council Tax Reduction Scheme fraud.

3.5 Achieving budgetary targets for the Service.

3.6 Improving understanding across the Authority, including Members, about the assistance the Service can provide in many enforcement areas, not least, developing capacity for the seizure of the assets of offenders to increase revenue income.

3.7 Preventing and detecting fraud of housing tenancy fraud by proving fraud awareness training to staff in that service area.

3.8 Identifying fraudulent activity internally by working with the Audit Service and undertaking Whistleblowing investigations as required.

3.9 Publicise the work of the Corporate Fraud Team to the public at large through the Press Officers.

3.10 Undertaking National Fraud Initiative data matching activities and such local proactive Fraud Drives assessed as a priority by the Head of Internal Audit.

3.11 A proposed financial target in relation to identified tenancy fraud is £163,000 per year which is 2.5 times the housing budget allocated to fund tenancy fraud (approximately £65,000 (maximum budget £80,000) per year over 3 years).

3.12 The Corporate Fraud Team will have a Financial Investigation resource which may support neighbouring Councils through a shared service scheme to be agreed.

4 Description of Service Considerations

4.1 Investigation of tenancy fraud is recognised as a sensitive area and must take into account Customer Care Policies and Human Resource Policies of the Local Authority.

4.2 The Corporate Fraud Team act in accordance with existing national best practice. Investigators report the outcome of an investigation to a manager for an appropriate sanction to be considered. Sanctions will include prosecution, issuing a formal caution or an informal warning. Other corporate fraud identified may well lead to criminal sanction.

5 Risk

5.1 Without the support of an investigative service the Section 151 officer may be fettered in safeguarding the finances of the Authority.

5.2 Without the support of an internal investigation service allegations will need to be passed outside of the organisation incurring cost and the potential of reputational damage.
5.3 Without maintaining some investigative experience internally the day to day support provided to the Audit Service in delivering prevention, investigation and detection of fraudulent activity will be lost.

5.4 Substantial training costs will be incurred within the Housing Service to train and accredit staff to investigate tenancy fraud.

5.5 Potential business opportunities gained through selling investigative services to other Authorities will be lost. Also selling such services to Social Landlords, who are not empowered to investigate and prosecute tenancy fraud offences themselves, would not be developed.

6 Fraud Partnership Resources

Budget

6.1 The budgeted cost for a Corporate Fraud Team is £80,000. This covers two full time Investigators plus management direction and support. This will be funded largely by Housing Services (since significant anticipated anti-fraud work will be in this service area). Charges will also be made to service areas which receive Corporate Fraud Services in the same way that Internal Audit, Finance, and Legal Services are charged.

Staff

6.2 The full complement of the Corporate Fraud Team during 2014-15 was 8.1 FTE; 1 manager full time, 1 team leader full time, 4 investigators full time, 2 part time investigators providing 1.5 FTE and 2 part time Support Staff providing 0.6 FTE.

6.3 On 1st May 2015 all of the above staff are 'in scope' to transfer to the DWP. Two full time Corporate Fraud Investigator posts are in the process of being advertised. If there are no internal candidates the posts will be advertised externally in accordance with the Councils recruitment procedure. The main objective is that the Council has experienced officers in post to deliver this plan as at 1 May 2015.