

**REPORT FOR: GOVERNANCE, AUDIT  
AND RISK MANAGEMENT  
COMMITTEE**

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**Date of Meeting:** 02 April 2014

**Subject:** **INFORMATION REPORT –  
Corporate Anti-Fraud Team Draft  
Fraud Service Plan 2014-15**

**Responsible Officer:** Simon George – Director of Finance &  
Assurance

**Exempt:** No

**Enclosures:** Appendix A  
1) Draft Fraud Service Plan  
2) The Audit Commission’s  
‘Protecting The Public Purse 2013’  
3) ‘Harrow Fraud Briefing 2013’

## **Section 1 – Summary**

This report sets out the Corporate Anti-Fraud Team’s draft fraud service plan for 2014-15 and the reasoning behind the decision to focus on each area. It also refers to two separate reports from the Audit Commission regarding fraud and the effect on the public purse which is for information only

**FOR INFORMATION**

## **Section 2 – Report**

### **2.0 Draft Fraud Service Plan (Appendix A1)**

Each year the Corporate Anti-Fraud Team sets a number of objectives in a Fraud Service Plan focussing on benefit and corporate fraud affecting the authority, with the intention of preventing, detecting, investigating and the recovery of losses to fraud. Ultimately, the work is targeted is about generating savings/income for the authority, stemming and recovering losses and bringing fraudsters to justify and assisting service areas make their processes more robust to prevent fraud occurring in the first instance.

Each of the objectives in the plan is selected based on a statutory responsibility or evidence collated from a number of different sources. These sources are:-

- Evidence uncovered in previous plans/investigations
- National reports produced by government departments illustrating local authority fraud risks
- Innovative ideas and projects to counter fraud, either locally based, pan London, or national schemes

**2.1 Achieve 32 Housing/Council Tax Benefit sanctions including 10 prosecutions**

Housing/Council Tax Benefit fraud continues to be one of the largest areas of spends and therefore one of the largest areas of fraud for local authorities, costing approximately £350 million annually, therefore it is entirely appropriate that resources are dedicated to this area.

**2.2 Identification of 20 housing tenancies subject to misuse and targeted for possession action**

Housing tenancy fraud costs the UK in the region of £845 million each year and this is a conservative estimate. These figures are based on just 4% of housing stock in London and 2% outside London. The team is recruiting for an additional Investigation Officer at present to support 1 FTE in an attempt to bring greater social housing numbers exposed to fraud and misuse back in Council control. This area will also focus on Right to Buy fraud.

**2.3 Commit to the pan London Housing Fraud Hub**

This closed group will allow members to interrogate Council Tax Replacement Support, Housing Rent and Waiting List data across London instantly through a secure portal. Members are required to refresh data on a monthly basis. This project will hopefully support the above objective and become a vehicle to drive and be more proactive in identifying suspected housing fraud. The authority had planned to join the hub in 2013/14 and start contributing and sharing data, but there are still some data security and governance issues to be resolved with the supplier before a firm commitment is made.

**2.4 Conduct at least 4 blue badge fraud operations in borough parking 'hot spots'**

Blue badge fraud continues to be an area of high profile and whilst it does not have the same financial impact as housing fraud or benefit fraud, its negative impact on the lives of the more vulnerable in the community make it vitally important to the authority. Blue badge fraud costs approximately £46 million a year in loss revenue based on an estimated misuse figure of 20% of all badges. The team already runs a number of these operations each year and they are well received by members of the public.

- 2.5 Fraud risk review a sample of direct payment cases with a target of £50,000 of fraud identified**  
This is one of the largest emerging fraud risks for Councils with nationwide spending having increased from £523 million in 2007/08 to £1.3 billion in 2012/13. The team undertook some positive work in 2013/14 and uncovered in excess of £100,000 worth of fraud/misuse in just 4 cases so sampling work will continue this year in this area.
- 2.6 Fraud risk review of a sample of insurance cases with a target of £10,000 of fraud identified**  
In 2012/13 the value of fraudulent insurance claims against councils increased by £1 million to £3 million and with an average value amounting to £40,000, from a risk perspective, it warrants further investigation. In 2013-14 the team looked at a few cases and had some success, so this year there will be a more concerted effort to uncover greater numbers of cases and generate direct savings for the authority.
- 2.7 Identify and pursue 4 suitable cases under the Proceeds of Crime Act 2002 and recover £15,000**  
In some cases, recovery of fraud losses can be sought by restraining and confiscating identified assets obtained through criminal behaviour. The team has taken a handful of cases through the courts using Brent Trading Standards Financial Investigators as the authority does not have an outlet to do this internally. The team will continue in 2014/15 to take this action where appropriate.
- 2.8 National Fraud Initiative (NFI) exercise 2014/15 data extraction and submission**  
Every two years the authority is obliged by law to take part in this national data matching exercise. The preparation work with informing all data subjects about the exercise and ensuring that the data is extracted out of core systems with the correct specifications will begin early in the financial year.
- 2.9 Identification of £20,000 in income/savings through penalties issued to offenders**  
The team will look to maximise income/savings through various channels and take punitive action against offenders where criminal prosecution is not in the public interest.
- 2.10 Deliver one anti-fraud week campaign**  
2013/14 saw the Council deliver its 1<sup>st</sup> Anti-Fraud Week which focused a number of mini operations across a week, targeting benefit, housing, direct payment, blue badge fraud and insurance fraud. The week was extremely successful with a number of arrests being actioned and council houses being brought back into council control.
- 2.11 Protecting the Public Purse 2013 (Appendix A2)**  
The Audit Commission published its most recent work examining the extent of fraud in Local Government, detailing the areas of high fraud risk. This report is for information only.

## **2.12 Protecting the Public Purse Fraud Briefing – London Borough of Harrow (Appendix A3)**

The Audit Commission produced this briefing specifically for Elected Members highlighting their role in the fight against fraud. The benchmarking is based on 2012-13 data submitted by Harrow as part of the Annual Fraud Survey. This report is for information only

### **Section 3 – Further Information**

None

### **Section 4 – Financial Implications**

The financial implications have been shown where relevant, in the report.

### **Section 5 - Equalities implications**

None

### **Section 6 – Corporate Priorities**

The performance and outcomes of the Corporate Anti-Fraud Team contributes to all of the corporate priorities by preventing, detecting, investigating and pursuing matters of fraud and losses associated with fraud affecting council business

Name: Simon George.....  Chief Financial Officer

Date: 19/03/14...

### **Section 7 - Contact Details and Background Papers**

**Contact:** Justin Phillips, Corporate Anti-Fraud Manager

**Background Papers:** None