

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date: **27 June 2016**

Report of: **Director of Finance and Resources**

Subject: **FRAUD & CORRUPTION SANCTIONS AND REDRESS POLICY
& ANTI-FRAUD POLICY**

SUMMARY

This report presents 2 revised policies for approval which cover how the Council prevents, detects and investigates fraud or corruption and what action should be taken where an investigation has supported a suspicion of internal or external theft, fraud and corruption or ICT abuse. These revised policies include areas, for example Housing Fraud and Council Tax, not previously identified in other sanction policies and also incorporate the details of investigating and sanctions and redress actions of Council Tax Support that was previously included in the now untenable Benefits Anti-Fraud Policy.

RECOMMENDATION

That the revised policies as attached as Appendix A and Appendix B are approved and added to the Counter Fraud Framework.

INTRODUCTION

1. The Council has a robust Corporate Anti-Fraud and Corruption Policy which sets out the Council's Corporate Counter Fraud culture and structures and methods of preventing, detecting and deterring fraud. This policy is supplemented by a separate Sanctions and Redress policy which sets what action would be taken for cases of confirmed fraud and corruption.
2. The Benefits Section also had its own robust Anti-fraud policy, which deals with the prevention and detection of fraud within Housing Benefit, Council Tax Benefit and from 1 April 2013, Council Tax Support, the replacement local scheme of help with Council Tax. This policy also outlined the sanctions and redress from such investigations.
3. However, from 1 October 2014 the investigation of Housing Benefit fraud transferred to the Department for Work & Pensions and local authorities no longer have the legislative powers to investigate reports of Housing Benefit fraud. The Benefits Anti-Fraud Policy is therefore no longer relevant.
4. Since December 2014 the Council has recruited an Investigations Officer, who sits within the Housing, Revenues & Benefits teams to investigate all cases of Council Tax fraud (including Council Tax Support), Business Rates and Housing. Investigations for Housing fraud and Council Tax fraud have therefore increased, with focus on various elements of Housing fraud such as Right to Buy and illegal subletting.
5. This report therefore brings a combined "Fraud and Corruption - Sanction and Redress Policy" and revised "Anti-Fraud & Corruption Policy" to members for approval which now covers all fraud in the Council.

CHANGES IN THE SANCTION AND REDRESS POLICY

6. The Corporate Fraud Sanction and Redress Policy has been renamed as the Fraud and Corruption Sanction and Redress Policy and re-branded in line with the current Anti-Fraud & Corruption Policy.
7. Section 1 Introduction - The Sanction and Redress Policy now includes reference to it fulfilling its statutory duty under Section 151 of the Local Government Act 1972 which requires appropriate management of its financial affairs by the prevention, detection and deterrence of fraud against the Council.
8. Section 1 Introduction - Reference to the Benefits Anti-Fraud Policy has been removed as a separate policy that exists. Section 4 informing of the Assessments Sub Committee of the Council's Standards Committee for the Breach of the code of conduct for members has been removed and replaced in Section 1 with reference to the Member Misconduct Complaints Procedure.
9. Section 2 Sanctions – The list of legislation used to identify offences has been moved into this section from Section 5. The list has also been updated to include legislation used to investigate Council Tax offences, Council Tax Support offences and Housing offences.

10. Section 2 Sanctions – The list has been amended to include criminal sanctions that are used for Council Tax Support offences, civil action that includes the recovery of property when dealing with Housing offences and civil penalties that are used for Council Tax and Business Rates administration and Council Tax Support offences.
11. Section 4 Criminal Prosecution – This section has been updated to take account of current procedures. The Investigations Steering Group has been renamed as an Investigations Panel, with the view that any senior manager can be called to sit on the Panel depending on the nature of the investigation and the lead investigator. The Solicitor to the Council has been replaced with the term 'the Legal Team'. The monetary threshold of £1,000 below which prosecution action is less likely to occur has been increased to £2,000, in line with the limit that had previously been used for Housing Benefit fraud and is currently used for Council Tax Support fraud.
12. Section 5 Cautions & Administrative Penalties – This section has been introduced from the Benefits Anti-Fraud Policy.
13. Section 6 Civil Actions – This section has been introduced to include reference to obtaining Council properties in cases of Housing fraud and also details the £70 civil penalties that can be given for Council Tax administration and Council Tax Support offences where a criminal sanction is not appropriate. There is also reference to the collection of underpaid Council Tax liability or overpaid Council Tax support as part of redress.

CHANGES IN THE ANTI-FRAUD AND CORRUPTION POLICY

14. Foreword - The cost of fraud to local government has been amended to the 2016 Annual Fraud Indicator (£7.3 billion a year)
15. Section 2 Introduction – Reference is made to the Council's statutory duty to "*prevent, detect and deter*" fraud.
16. Section 5.3 Key structure and roles – Head of Audit is replaced by Head of Finance and Audit. The Benefit Fraud Investigators have been replaced with an Investigations Team showing their role and responsibilities
17. Section 5.4 External Liaison – CIPFA Counter Fraud Centre, TEICCAF (The European Institute for Combatting Corruption and Fraud) and the Centre for Counter Fraud Studies (CCFS) have been added into the list.
18. Section 8.1 Whistle-blowing – Reference is made to the Council's Code of Practice for Confidential Reporting.
19. Section 8.2 Referrals from the Public – More reporting channels have been introduced such as the smartphone App.
20. Section 8.3 Data Matching – Monthly data matching and Real Time Information (RTI) files from the Department for Work & Pensions for the administration of Council Tax Support have been included in this section.
21. Section 11 Redress – Possession orders for obtaining Council properties have been included in this section. Reference to the Council employing an Accredited Financial Investigator has been replaced with a partnership agreement with Portsmouth City Council.

22. Section 12 Training and Awareness – Reference has been made that relevant specific training in investigations ensures that officers are receiving continuous professional development which compliment their accreditation.

CONCLUSION

23. The revised Sanction and Redress Policy will allow the Council to demonstrate that it is applying sanctions and redress for fraud and corruption across all services in a fair and consistent way which meets the requirements of the Council's Corporate Equality Policy and the Human Rights Act 1998.

Appendices:

[Appendix A](#) – Proposed Fraud and Corruption Sanction and Redress Policy (Separate attachment)

[Appendix B](#) – Proposed Anti-Fraud & Corruption Policy (Separate attachment)

Background Papers: None

Reference Papers:

Benefits Anti-Fraud Policy 2013

Anti-Fraud & Corruption Policy 2013

Corporate Fraud Sanction and Redress Policy 2009

Enquiries:

For further information on this report please contact Andrea Kingston (Ext 4618).