

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date **25 November 2013**

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

Subject: **COUNTER FRAUD STRATEGY PROGRESS**

SUMMARY

This report updates the Committee on Counter Fraud strategy work in progress or carried out in the last 6 months. Key pieces of work have included a) updating the Council's Corporate Anti Fraud Corruption Policy, b) updating the Council's Whistle-Blowing Policy to meet the requirements of the Enterprise and Regulatory Reform Act 2013 and c) carrying out a detailed review of households in receipt of council tax single occupancy discounts.

It should be noted that the Prevention of Social Housing Fraud Act 2013 has now come into force as from 15th October.

RECOMMENDATION

That the progress made to date as part of the Counter Fraud Strategy be noted.

INTRODUCTION

1. The Council maintains an Anti-Fraud and Corruption Policy which is supported by a programme of work to review and strengthen our counter fraud arrangements where necessary.
2. This report provides an update on any actions proposed or taken in the last 6 months in relation to:
 - (a) The top fraud risks for the Council.
 - (b) Revising counter fraud policies.
 - (c) Raising internal and external awareness.
 - (d) Initiatives to improve prevention and detection.
 - (e) Any legislative changes that have occurred.
3. A separate report details the cases of fraud that have been investigated

WORK UNDERTAKEN SINCE THE LAST REPORT

Corporate Arrangements

4. **Corporate Policy:** The Corporate Anti Fraud and Corruption Policy used since 2009 has now been updated and the format changed to make it more user-friendly. This is the subject of a separate report on the agenda.
5. **Whistle-blowing Policy:** There have been some changes to the whistle-blowing law under the Enterprise and Regulatory Reform Act 2013 which took effect from the 25th June 2013. Our policy is in the process of being updated to reflect these which include:
 - Disclosures made by an employee are now only protected if the worker has a reasonable belief that they are in the public interest. Issues to do with the breach of their own employment contract should now only be raised through the grievance procedure.
 - Disclosures no longer need to be made in good faith (i.e. with honest motives) in order to be protected. However, an employment tribunal may reduce a worker's compensation by up to 25% if it appears that the protected disclosure was not made in good faith but for personal gain.
 - As well as being protected from adverse treatment by the employer, there is now a duty to protect whistle-blowers from suffering a detriment, bullying or harassment from another employee. However, if an employer can show that it took reasonable steps to prevent the detrimental treatment then it will not be held liable for the actions of the co-workers.

Housing Fraud

6. The Prevention of Social Housing Fraud Act 2013 came into force on 15 October 2013. This Act makes sub-letting a criminal offence and gives social landlords increased power to recover the proceeds made from sub-letting.

7. However, the introduction of additional powers for investigations into housing fraud has been delayed.
8. Progress on the Housing Fraud Action Plan set out in the last report has been limited. This is mainly because we have been waiting to time our actions to coincide with other members of the Hampshire Tenancy Fraud Forum. However, we will be progressing the following actions in the coming months:
 - (a) Web page to be published specifically on social housing fraud.
 - (b) Article on Housing Fraud to be included in the counter fraud newsletter circulated to all employees and members.
 - (c) Internal awareness briefings to key services.
 - (d) Free data match of our tenancy data to a credit reference agency's database to be carried out which will give an idea of how many tenancies we have where there is a suspicion of either housing or benefit fraud.

Council Tax Fraud

9. Single Occupancy Discount, gives a 25% reduction in Council Tax liability. It is the highest and most commonly claimed discount totalling approximately £4 million for Fareham in 2012. Previously periodic reviews of eligibility for the discount were carried out and cases were amended based on information reported by the tax payer.
10. The Council has now introduced an enhanced verification and penalty process when reviewing households in receipt of the discount. This includes using the Council's powers to levy a penalty fee of £70 on anyone found to be wrongly claiming the discount and who had not promptly notified us of a change of circumstance.
11. Since May 2013 households in receipt of the discount have been asked to confirm their continued eligibility. The review is being carried out on a ward by ward basis and 6,385 forms have been issued to date covering 5 of the 9 wards.
12. Where the household reports that the eligibility has changed, rather than just accepting the details submitted, these are being further verified to other sources to determine a true timing of the change of circumstances. Spot checks are also being undertaken on those households who report no change to the household. Where the household does not respond then the discount is removed. Where the verification identifies that the households changed some time ago then the fine is being added to the new bills raised.
13. To date the discount has been removed from 80 cases generating £30,087 extra council tax liability. Of these, 38 council tax payers have been issued with the fixed penalty (totalling £2,660) and 9 council tax payers have been issued a warning letter.

Housing Benefit Fraud

14. We are planning to take part in a free additional data match to be run by the National Fraud Initiative Flexible Matching Service.

15. This seeks to identify housing benefit fraud committed by students by matching our benefits claims to the Student Loans Company data. The exercise will also include matching the data to the Metropolitan Police Amberhill fraudulent identities database and the current Home Office Immigration databases.

RISK ASSESSMENT

16. There are no significant risk considerations in relation to this report

CONCLUSION

17. Work continues to be carried out in accordance with the Council's Counter Fraud Policy.

Background Papers: None

Reference Papers: Report to the Audit Committee on 1 December 2009 on the Annual Counter Fraud Policy and Strategy Update.

Enquiries:

For further information on this report please contact Elaine Hammell. (Ext 4344)