

REPORT TO:	AUDIT SUB COMMITTEE	AGENDA ITEM:6
DATE OF MEETING:	16th SEPTMBER 2020	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	ELIZABETH BARTON, HEAD OF CUSTOMER SERVICES elizabeth.barton@southderbyshire.gov.uk or 01283 595779	DOC:
SUBJECT:	2020-2021 ANTI FRAUD & CORRUPTION PLAN & COUNTER FRAUD PARTERSHIP PERFORMANCE UPDATE & AGREEMENT	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: AS 04

1.0 Recommendations

- 1.1 That the Committee notes the performance of the Counter Fraud Partnership with Derby City Council (see Appendix 1) and the cashable and value for money savings that have been delivered since 2017.
- 1.2 That the Committee approves that the Counter Fraud Partnership be continued for 2020-2021 and approves the Council's proposed Anti-Fraud and Corruption Action Plan (see Appendix 2) that directs the work of the partnership.
- 1.3 The Committee notes that during 2020-2021 the Council will undertake a review of the emerging areas of focus the fraud action plan needs to incorporate in future years, for example insurance fraud, procurement fraud and payroll fraud. The plan created for 2021-2022 will incorporate any new areas of focus.

2.0 Purpose of the Report

- 2.1 The purpose of the report is to provide an update on the performance of the Council's Counter Fraud Partnership with Derby City Council and to consider the 2020-2021 Anti-Fraud and Corruption Plan. This plan sets out how the Council aims to prevent and detect fraud, together with action the Council will take when dealing with identified cases of fraudulent activity.

3.0 Detail

Counter Fraud Partnership

- 3.1 The Council has been in a Counter Fraud Partnership with Derby City Council since 2017.

- 3.2 In that time, the partnership has delivered in excess of £580,000 cashable and value for money savings though preventing and detecting fraud, which equates to approx. £200,000 savings per annum and exceeds the in-year costs of the Counter Fraud Partnership.
- 3.3 The partnership works with teams across the council to deliver on four key areas:
- Detecting and investigating fraud
 - Preventing fraud
 - Understanding emerging fraud risks
 - Raising fraud awareness
- 3.4 The work of the partnership is further outlined in more detail in Appendix 1.
- 3.5 The Council is obliged to carry out counter fraud work, and the partnership effectively provides a more robust service than a single member of in-house staff and delivers a wider range of skills and resources to the Council.
- 3.6 The costs of the partnership are set out in section 4.0.
- 3.7 The savings generated by the partnership are explained in more detail in Appendix 1.

Anti-Fraud and Corruption Plan

- 3.8 Each year the Council approves an annual Anti-Fraud and Corruption Plan that directs the work of the Counter Fraud Partnership and wider work across the Council.
- 3.9 The plan sets out how the Council aims to prevent and detect fraud, together with action the Council will take when dealing with cases of fraudulent activity.
- 3.10 The plan is aimed at directing the partnership to achieve its targets which are to:
- Maximise the recovery of fraudulent payments and value for money savings to exceed in value the in-year budgeted costs of the Counter Fraud Partnership to the Council.
 - Instil routine fraud checking as part of the Council's operational processes revenues and benefits, housing and wider service areas.
 - Report the results of team activities on a quarterly basis to the Head of Customer Services and the Strategic Director (Corporate Services).
 - Embed fraud awareness as part of the competency framework for employees.
 - Continue joint working arrangements with the Department for Work and Pensions.
 - Minimise the potential for misuse of supported accommodation claim arrangements and funding by providers and related financial organisations.
- 3.11 The plan for 2020 – 2022 is set out at Appendix 2. Ordinarily this would have been reported in readiness for April 2021, however due to the COVID-19 outbreak, the plan now covers a reduced period (September – April 2021).

4.0 Financial implications

4.1 The Council's Counter Fraud Service is delivered in partnership with Derby City Council.

4.2 The Council aims to ensure that the cashable and value for money savings generated by the partnership exceed the cost of the service itself.

4.3 Since 2017, the partnership has generated a total of £584,965.20 savings which breaks down as follows:

- **£102,815.92 in cashable savings/income**, which are funds that can be recovered from customers - for example discounts being awarded for Council Tax, the value will represent the amount of cash recovered which has been over claimed due to fraud.
- **£482,149.28 in value for money savings**, which are a calculation of expenditure/loss that would have been incurred had the fraud not been identified and are based on Cabinet Office/NFI guidelines and multipliers - for example additional discount being awarded in a fraudulent right to buy application.

4.4 The cost of the partnership are as follows:

	2017-18	2018-19	2019-2020	Total
Cost of Partnership	£36,867	£40,764	£42,564	£120,195

4.5 In return for this, the Council receives the equivalent of one full time Counter Fraud Investigator, and a percentage of a management post, spread across a wider pool of investigators/expertise.

4.6 The cost of the partnership for 2020-2021 will be in line with 2019-2020 charges, with any cost of living increases incorporated.

5.0 Corporate Implications

Employment Implications

5.1 None

Legal Implications

3.12 Interauthority partnerships such as this are permitted without wider procurement activity, under Teckal and Hamburg exemptions under the Public Contract Regulations 2015 (PCRs 2015).

Corporate Plan Implications

5.2 None directly.

Risk Impact

5.3 Fraudulent activity is a key risk for the Council. The adoption of an anti-fraud and corruption plan is designed to mitigate the risk through the prevention and detection of fraud.

6.0 Community Impact

Consultation

6.1 None required

Equality and Diversity Impact

6.2 It is considered that the Plan does not discriminate against any of the protected characteristics in the Equality Act 2010. The focus is on whether a fraud is or has been committed rather than the type of person or the group of individuals that may be committing fraud.

Social Value Impact

6.3 The prevention and detection of fraud helps to safeguard the “public purse”.

Environmental Sustainability

6.4 Not applicable in the context of the report

7.0 Background Papers

Appendix 1 – Counter Fraud Partnership Performance Update 2017 - 2020

Appendix 2 –Anti-Fraud & Corruption Plan 2020-2021