

|                                |   |                                  |
|--------------------------------|---|----------------------------------|
| <b>REPORT TO:</b>              | <b>AUDIT SUB COMMITTEE</b>  | <b>AGENDA ITEM: 9</b>            |
| <b>DATE OF MEETING:</b>        | <b>22 JUNE 2022</b>   | <b>CATEGORY: DELEGATED</b>       |
| <b>REPORT FROM:</b>            | <b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>   | <b>OPEN</b>                      |
| <b>MEMBERS' CONTACT POINT:</b> | <b>ELIZABETH BARTON,<br/>HEAD OF CUSTOMER SERVICES<br/><a href="mailto:elizabeth.barton@southderbyshire.gov.uk">elizabeth.barton@southderbyshire.gov.uk</a></b> | <b>DOC:</b>                      |
| <b>SUBJECT:</b>                | <b>2022-2023 ANTI FRAUD &amp; CORRUPTION PLAN &amp; COUNTER FRAUD PARTERSHIP PERFORMANCE UPDATE</b>   |                                  |
| <b>WARD(S) AFFECTED:</b>       | <b>ALL</b>  | <b>TERMS OF REFERENCE: AS 04</b> |

## **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 in 2021-2022.
- 1.2 That the Committee approves that the Counter Fraud Partnership be continued for 2022-2023 and approves the Council's proposed Anti-Fraud and Corruption Action Plan (see Appendix 2) that directs the work of the partnership.

## **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 2022-2023 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 worked in partnership with Derby City Council since 2017 to deliver counter fraud services and support to internal teams. The team works very closely revenues, benefits and housing in particular and has very strong and supportive working relationships with these teams.
- 3.2 The partnership works to deliver on four key areas:
  - Detecting and investigating fraud
  - Preventing fraud
  - Understanding emerging fraud risks
  - Raising fraud awareness

- 3.3 In 2021-2022 the partnership cost the Council £44,125 and delivered total savings of £379,949. The recent work of the partnership and savings is outlined in detail in the 2021-2022 Counter Fraud Partnership Performance Update at Appendix 1.
- 3.4 In terms of value for money, the Council is obliged to carry out counter fraud work, and considers the partnership provides a more robust and resilient service than a single member of in-house staff. It also delivers a wider range of skills and resources to the Council.
- 3.5 During 2021-2022, the partnership team delivered eight training sessions to council staff. Feedback from the training remains very positive.
- 3.6 Also in 2021-2022, the team continued to support the Council's revenues, finance and economic development teams and helped to investigate suspected cases of COVID-19 business grant fraud which continued until April 2022. They also advised on enhanced checking procedures and post payment assurance checking for these schemes.

### **Anti-Fraud and Corruption Plan**

- 3.7 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.
- 3.8 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.
- 3.9 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 in 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.
- 3.10 The plan for 2022–2023 is set out at Appendix 2. Ordinarily this would have been reported in readiness for the start of the new financial year, however due to the ongoing impact of COVID-19 and the energy rebate on the customer services, revenues and benefits team, the plan now covers a reduced period (June 2022 – April 2023).

3.11 The plan mirrors the plan for 2021-2022 and contains no significant changes. During 2021-2022 a refocus on joint working with the DWP will take place and an increased activity on training of SDDC staff and issuing fraud information will also be delivered. No new emerging risk factors have been identified however this will be monitored ongoing in line with the economic climate and any new government initiatives that are launched in response.

#### 4.0 Financial implications

4.1 The Council's Counter Fraud Partnership with Derby City Council delivered £379,949 total savings in 2021-2022. This was comprised of:

- **£38,577.63 in cashable savings/income**, which are funds that can be recovered from customers - for example discounts being awarded for Council Tax. The value represents the amount of cash recovered which has been over claimed due to fraud, as well as housing benefit overpayments.

**This figure is down on 2020-2021 (£38,577.63 vs £83,429.16).** This is primarily due to the fact that during COVID, the DWP fraud team were redirected onto processing Universal Credit claims, which vastly reduced the partnership's joint working with the DWP on potential fraud cases. This had a knock-on effect on identifying cases of council tax and housing benefit fraud. DWP resource has since been refocused on fraud, and cases are starting to come through. The team expects cases to increase again in 2022-2023 to pre-COVID levels.

- **£341,371.44 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.

**This figure is significantly higher than 2020-2021 (£68,863.25).** This is primarily due to the team identifying a greater number of housing cases such as illegal successions and breaches of tenancy.

4.2 Each year the levels of savings can fluctuate significantly, depending on the volume of high value fraudulent activity that is identified/stopped. The team is confident the cashable savings figure will rise in 2022-2023 to pre-COVID levels now that the fraud team is refocused at the DWP.

4.3 Each year, the partnership aims to recover the cost of the partnership itself in cashable and value for money savings.

4.4 The cost of the partnership are as follows:

|                            | 2018-19 | 2019-2020 | 2020-2021 | 2021-2022 | Proposed 2022-2023   |
|----------------------------|---------|-----------|-----------|-----------|--|
| <b>Cost of Partnership</b> | £40,764 | £42,564   | £42,564   | £44,125*  | £45,135<br>(may be subject to slight change to allow for cost-of-living etc increases) |

4.5 The costs of the partnership were slightly higher than reported in the 2021 committee report (\*£1,561 increase) to allow for the incorporation of cost-of-living etc increases. Any minor increases to the 2022-2023 proposed costs will be approved by the Council's Section 151 Officer.

4.6 In return for the annual payment, 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.

## **5.0 Corporate Implications**

### **Employment Implications**

5.1 None

### **Legal Implications**

5.2 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**

5.3 None directly.

### **Risk Impact**

5.4 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 Anti-Fraud and Corruption 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 2021 - 2022

Appendix 2 – Anti-Fraud & Corruption Plan 2022 - 2023