

REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 6
DATE OF MEETING:	8th SEPTEMBER 2021	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:	2021-2022 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 in 2020-2021.
- 1.2 That the Committee approves that the Counter Fraud Partnership be continued for 2021-2022 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 2021-2022 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.
- 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 2020-2021 the partnership cost the Council £42,564 and delivered total savings of £152,292.41. The recent work of the partnership and savings is outlined in detail in the 2020-2021 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, together with the Council's Training and Development Officer, the partnership worked to embed the annual fraud training programme into the Council's corporate training schedule and has so far trained 42% of the workforce. Feedback from the training remains very positive.
- 3.6 Also in 2021-2022, the team supported the Council's revenues, finance and economic development teams and helped to investigate suspected cases of COVID-19 business grant fraud, as well as advised on enhanced checking procedures and post payment assurance checking.
- 3.7 The team also undertook a review of emerging fraud risk areas, and incorporated COVID-19 business grant claims into the work programme as a result.

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 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.
- 3.11 The plan for 2021 – 2022 is set out at Appendix 2. Ordinarily this would have been reported in readiness for April 2021, however due to the ongoing impact of COVID-19, the plan now covers a reduced period (September 2021 – April 2022).

4.0 Financial implications

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

4.2 The partnership delivered £152,292.41 total savings in 2020-2021. This was comprised of:

- **£83,429.16 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, as well as housing benefit overpayments.
- **£68,863.25 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.

4.3 Each year the levels of savings can fluctuate significantly, depending on the volume of high value fraudulent activity that is identified/stopped – for example each time tenancy fraud is identified its value for money saving is recorded at £46,500 per property.

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

4.5 The cost of the partnership are as follows:

	2018-19	2019-2020	2020-2021	Proposed costs for 2021-2022
Cost of Partnership	£40,764	£42,564	£42,564	£42,564

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.

4.7 The partnership aims to deliver costs in line with previous years, allowing for the incorporation of cost-of-living etc increases.

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 2020-2021

Appendix 2 –Anti-Fraud & Corruption Plan 2021-2022