

NORTHUMBERLAND

Northumberland County Council

Corporate Fraud Team

Transparency Code Fraud Report 2015 - 2016

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Introduction

The council is committed to providing an effective Counter-Fraud Service which is supported by efficient policies and sanctions for those that offend. Counter fraud is the responsibility of everyone in the council and by ensuring that effective measures are in place to prevent, detect, investigate and report fraud we can ensure that public money is spent where it should be, on services for the community.

Failure to investigate fraud will see money leaving the council by way of fraud or error and failure to tackle this effectively could lead to qualified subsidy claims and loss of revenue for the council.

It is therefore important to demonstrate that resources are focused on fraud reduction and to identify, investigate and rectify administrative weaknesses in order to assure Members and the general public of the quality and integrity of investigations.

From 1 April 2014 a new Corporate Fraud Team was established to combine the previous work of the Revenues and Benefits Investigation Team which dealt with the detection and investigation of fraud and abuse of Housing, Council Tax and other Social Security Benefits and the Audit Service who were responsible for the prevention, detection and investigation of internal fraud.

With effect from 1 July 2015 two Fraud Investigators and an Administration Assistant transferred to the Single Fraud Investigation Service (SFIS) which is now responsible for investigating all welfare and tax credit fraud.

Associated Documents

The Council has clear policies in relation to fraud and corruption and the following can be obtained from the [Corporate Fraud](#) page on the website:

- Counter Fraud and Corruption Policy
- Corporate Enforcement Policy
- Whistle-Blowing Policy
- Money Laundering Policy

Local Government Transparency Code 2015

Under the above Code, Northumberland County Council is required to publish specific information in relation to Counter Fraud work with a recommendation that further additional information should be published.

All of the required and recommended information is given under the headings below.

Number of occasions powers are used under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers.

None

Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud.

The Corporate Fraud Team consists of the Corporate Fraud Manager, 3 Corporate Fraud Investigators and an Administration Assistant together with the part time support of the Anti-Fraud Consultant. (5.6 FTE)

With effect from 1 July 2015 two Fraud Investigators and an Administration Assistant transferred to the Single Fraud Investigation Service (SFIS) which is now responsible for investigating all welfare and tax credit fraud. (3 FTE)

A lawyer specialising in prosecutions is also allocated to the team by Legal Services and she is available as necessary on an ad-hoc basis.

Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists.

The Corporate Fraud Manager and Fraud Investigators are Accredited Counter Fraud Officers (4 FTE)

The Anti Fraud Consultant is an Associate member of both the Association of Certified Fraud Examiners and the Institute of Counter Fraud Specialists. (0.6 FTE)

Total amount spent by the authority on the investigation and prosecution of fraud.

The annual cost of counter fraud activity for the year 2015 – 2016 amounted to £317,812 which includes the costs in relation to the two Fraud Investigators and Administration Assistant who were transferred under SFIS on 1 July 2015.

Total number of fraud cases investigated.

During the year there were 29 investigations into potential internal fraud and 529 investigations into potential external fraud.

Total number of cases of irregularity investigated.

As above.

Total number of occasions on which a) fraud and b) irregularity was identified.

There were 69 referrals of potential internal fraud and 1,716 referral of potential external fraud.

Total monetary value of a) the fraud and b) the irregularity that was detected.

Internal fraud

See below.

External fraud

Housing Benefit fraudulent overpayments amounted to £447,349
Council Tax Benefit fraudulent overpayments amounted to £53,144
Council Tax Reduction fraudulent overpayments amounted to £50,710
Single Person Discounts fraudulent claims amounted to £6,903
Business Rate Relief fraudulent claims amounted to £7,725

Total monetary value of a) the fraud and b) the irregularity that was recovered.

Internal Fraud

The nature of internal fraud makes it difficult to quantify in financial terms and therefore detailed statistics are not maintained. In all cases where the fraud can, however, be quantified full recovery is sought using all available civil means.

In this respect £155,560 has been recovered during the year.

External Fraud

During the year fraudulent Housing Benefit overpayments of £53,851 were recovered. With effect from 1 July 2015 responsibility for Housing Benefit fraud transferred to the DWP under SFIS and therefore the amounts recovered in this respect will not be reported in the future.

The Council Tax Benefit fraudulent overpayments and Council Tax Reduction overpayments identified during investigations together with the fraudulent Single Person Discounts and Business Rate Relief claims are recovered by amended Council Tax bills and in total this amounts to £118,482.

Additional revenue of £12,314 has also been generated as a result of Administrative Penalties accepted by customers following fraud investigations.

The team has also been extremely successful with an ongoing initiative in conjunction with Homes for Northumberland in relation to Right to Buy applications with procedures being introduced for the enhanced vetting of applications which also incorporates a stringent money laundering check.

As a result of this initiative a total of 146 Right to Buy applications were scrutinised in detail following which 31 were withdrawn by the tenants resulting in a total saving of £1,223,100 that would have been allowed as a discount to the property purchase price.

Following anonymous referrals on the fraud hotline and from other sources five Homes for Northumberland properties have been recovered due to the tenants being non-resident and as a result of our intervention the keys for all five properties were handed back.

Under the guidelines issued by the Audit Commission this recovery is worth a minimum of £750,000 to the Council.

There were also 18 investigations in relation to the potential misuse of Blue Badges as a result of which 3 badges were seized saving the council £1,500.

In overall terms for the financial year 1 April 2015 to 31 March 2016 the Corporate Fraud Team has achieved minimum gross savings for the council of £2,314,807. (Net £1,996,995 after staff costs.)

Sanctions and Prosecutions

During the year there were 26 Criminal Prosecutions, 36 Formal Cautions were administered and 15 Administrative Penalties were imposed.

All cases approved for prosecution in 2015-2016 were successfully prosecuted and these resulted in the following criminal penalties:

- 2 x 18 week custodial sentence
- 26 week suspended custodial sentence with 120 hours unpaid work
- 18 week suspended custodial sentence with 100 hours unpaid work
- 16 week suspended custodial sentence with 10 week curfew
- 16 week suspended custodial sentence
- 12 week suspended custodial sentence with 12 week curfew
- 10 week suspended custodial sentence
- 8 week suspended custodial sentence with 150 hours unpaid work
- 9 Community Orders with various additional requirements (curfew order and/or unpaid work)
- 4 x financial penalty (ranging from £172 to £980)
- 4 x Conditional Discharges of varying lengths

Further Information

For more information on the counter fraud activities of the Council please contact

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