

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 29th July 2019
Report for: Information
Report of: Counter Fraud & Enforcement Manager

Report Title

Counter Fraud & Enforcement Team (CFT) : 2018/19 Annual Report

Summary

The report:

- outlines the Council's fraud prevention and detection performance and activities in 2018/19 and
- outlines the team's plans for 2019/20

Recommendation

The Committee is asked to note the content of the report.

Contact person for access to background papers and further information:

Name: David Wright – Counter Fraud & Enforcement Manager

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Background Papers:

None

1.0 Introduction

- 1.1 Local Authorities have a statutory duty under section 151 of the Local Government Finance Act 1972 to make arrangements for the proper administration of their financial affairs.
- 1.2 The Council operates a Counter Fraud and Enforcement Team to ensure a continued commitment to the authorities' zero tolerance towards fraud

2.0 Counter Fraud and Enforcement Team

- 2.1 The team is based within Exchequer Services located at Sale Waterside – whose main remit is to investigate Revenues related matters such as Council Tax Support, Council Tax discounts & exemptions, Non Domestic rates liability avoidance and Social Care Fraud.
- 2.2 Over the last 12 months the team has spent the vast majority of its time and resources supporting a rolling Council Tax Single Person discount review that has been undertaken on behalf of the authority by a 3rd party company. The review has targeted householders claiming the discount where credit based data had highlighted that there may be additional person(s) residing in the property. Using this risk based approach meant that review forms were only issued where there was doubt over entitlement. A breakdown of the outcomes of the review in relation to accounts reviewed during 2018/18 can be seen below:

Table 1

No. of Accounts Canvassed	5525
Admission of non Eligibility	712
Non responders	830
Total removed	1542

An additional aspect of the review was to further investigate account holders who had responded to the review by confirming that they continued to be eligible to receive the discount when the data obtained strongly indicated that this statement was false. An example of such a case can be seen below in **Case Study 1**

- 2.3. In addition to working closely with teams based within the Exchequer Services department, the team also receives referrals from other teams located within the authority, such as Trading Standards, Environmental Health, and the Direct Payments Audit team. A high value example of the benefits of this closer partnership working can be seen at **Case Study 2** below.

- 2.4 The team has also seen a rise in referrals linked to adult social care financial irregularities and expertise is now growing in this field to equip the investigators to be able to fully support these referrals. These are mainly being referred through the teams newest additions - 2 Recovery Litigation Officers, who provide an effective and valuable service to support and enhance the enforcement of debts already owed to the Council. The team previously worked within the Council's Accounts Receivable team, however, it has become clear that the type of work they are involved in can often be linked to financial misuse - where a person who was supposed to have been acting in the best interests of the service user (often a close family member) has not been doing - and therefore this work seems more closely linked to the Counter Fraud team.

Case Study 1

An investigation was set up in relation to a Council Tax account holder who had responded to the SPD review to state that they remained eligible for the discount despite the fact there was a large amount of credit related data (eg mortgage/bank accounts/insurance) that linked an additional person to the property going back for a number of years. When interviewed about this the taxpayer admitted that her partner had been living with her since the birth of their eldest child in 1999 but claimed that it was down to pressure from her partner that she had continued to claim the discount. Consequently her partner was also interviewed and admitted that they had actually been living together as far back as 1996. The subsequent removal of the discount resulted in additional Council tax liability of £6118 being created, leading to criminal proceedings being taken against both parties. This was the first time that the authority had taken such action in relation to a Council tax discount related offence. Both persons were subsequently convicted of fraud against the authority and sentenced to serve community orders. The additional council tax liability has been repaid in full.

Case Study 2

An investigation was carried out after information was received from the Councils' Environmental Health team who had been out to visit a property that had fallen into disrepair after it had been left empty for a number of years. The EH officer had confirmed with the occupier that she had indeed moved out of the property "some time ago". However the occupier of the address was claiming Council Tax Support and Council Tax discount on the basis that she was resident there.

The claimant, after initially claiming that she was still using the address, was then interviewed, and admitted that she had indeed left the address and was living at another address outside of the borough. As a result of this, her discount and Council tax support were cancelled back to April 2011, with recovery of the resultant Council Tax liability raised which amounted to £9.3k currently in the process of being recovered

Table 2 below shows the amount of income generated by the investigations element of the team during the 2018/19 financial year:

Table 2 – Counter Fraud & Enforcement Team Investigations

	Amount (£)
Council Tax Discount Cancellations	196.7k
Council Tax Exemption Cancellations	3.2k
Council Tax Support/ Council Tax Benefit Overpayments	55.8k
Non-Domestic-Rate,Liability Irregularities (net)	8.2k
Social Care Finance	141.5k
Total	405.4k

Table 3 below shows the amount of debt recovered by the litigation officers employed by the authority during the last 2 financial years since they became part of the team

Table 3 – Counter Fraud & Enforcement Team Recovery

Year	Amount (£)
2017/18	402.7k
2018/19	587.7k

5.0 Planned activity for 2019/20

5.1 Over the next 12 months it is anticipated that the Counter Fraud and Enforcement Team will continue to develop into other areas of investigation.

The main priorities for the team will be to:

- **Work closely with Internal Audit and Exchequer Services to use our joint expertise to help combat all types of fraud being perpetrated against the Council, in particular in relation to Council Tax, Non Domestic Rates & Adult Social Care**
- **Take the lead role in an ongoing Council Tax Single Person discount review.**
- **Take the lead role in a Small Business Rate Relief Review**
- **Further increase expertise in adult social care financial abuse matters**
- **Support the National Fraud Initiative data matching exercise**
- **To progress cases in a timely manner that have been referred for the consideration of civil proceedings in relation to debts owed to the authority**