

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 26th November 2020
Report for: Information
Report of: Counter Fraud & Enforcement Manager

Report Title

Counter Fraud & Enforcement Team (CFT) : 2019/20 Annual Report

Summary

The report:

- outlines the Council's fraud prevention and detection performance and activities in 2019/20 and
- outlines the team's plans for 2020/21

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 a large amount of its time and resources continuing to support 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 2019/20 can be seen below:

Table 1

No. of Accounts Canvassed	4877
Admission of non Eligibility	1011
Non responders	207
Total removed	1218
Additional Liability Generated	436.1k

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 the Council Tax discount exercise, the team has also been doing a great deal of work with the Non Domestic Rates team, surrounding Small Business Rates Relief. This project involved the purchase of software which identified businesses who were incorrectly claiming Small Business rates relief to reduce their Business Rate liability due to the fact that they also had businesses in other areas. As a result of having their rate relief cancelled

or reduced, this would result in them being liable for Non Domestic rates payments that would not otherwise have been made to the authority

- 2.4 The team has also continued to see 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. Cases are being identified from various sources such as social workers, Direct Payment Audits and from cases linked to social care debt which has identified scenarios involving 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. In 2019/20 the team secured a criminal conviction in relation to such an occurrence – **see Case Study 2.**

Case Study 1

An investigation was commenced following a referral in relation to a single discount review which the customer had initially responded to by confirming her continued eligibility to the discount. However there was a large amount of, mainly credit related data, linking an additional male to her address going back to 2010. When further challenged about this the customer, after initially claiming that although the additional male was her partner they did not live together, admitted they had been living together for a number of years, and this also covered periods when, in addition to receiving her Council tax discount, she had been claiming Housing Benefit and Council Tax support on the basis she lived alone. A decision was taken to remove her eligibility for the discount back to 2010, with the additional Council Tax liability created of £2.1k recovered in full.

Case Study 2

An investigation was set up following a Direct Payments Audit which had raised concerns that funds intended for the care and support for the son of the recipients was not being correctly managed by them. Further investigation identified that large chunks of the monies being paid by Trafford to pay for his care such as social inclusion activities and one to one support was actually being re-directed into their own personal bank accounts and used for general family expenditure with payments being then also transferred into further accounts belonging to various unknown persons (presumably family members and friends). When the child's father was interviewed he admitted there had been "mistakes" with the way the money had been spent, but failed to account for how the money had been actually spent. As a result of the investigation, it was identified there had been £21.9k of Direct Payments spent inappropriately. As a result of the seriousness of the offences the child's father was prosecuted and, in addition to having to repay the stolen funds was given a nine-month custodial sentence, suspended for 12 months.

Table 2 below shows the amount of income generated by the investigations element of the team during the 2019/20 financial year:

Table 2 – Counter Fraud & Enforcement Team Investigations

	Amount (£)
Council Tax Discount Cancellations	67k
Council Tax Exemption Cancellations	0.5k
Council Tax Support/ Council Tax Benefit Overpayments	37.7k
Council Tax Liability Irregularities	10.5k
Non-Domestic-Rate, Liability Irregularities (net)	65.9k
Social Care Finance	39.2k
Employee Fraud	6.5k
Total Income Generated	227.3k

Table 3 below shows the amount of debt recovered by the litigation officers employed by the authority during the last 3 financial years since they became part of the team. A large percentage of this relates to adult social care debt which initial recovery actions taken had been unable to collect. However the threat of use of formal procedures involving civil litigation (which are often avoided by mediation with the debtors and/or their representatives) has seen a regular increase in the amounts being successfully recovered as shown in the table below

Table 3 – Counter Fraud & Enforcement Team Recovery

Year	Amount (£)
2017/18	402.7k
2018/19	587.7k
2019/20	640.9k

5.0 Planned activity for 2020/21

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. It has also played a major part in the administration, and investigation into the different Covid-19 related grant support schemes which the Council has been administering to support local businesses affected by the ongoing pandemic

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**
- **The administration and investigation of Covid-19 related business support grants**
- **Take the lead role in an ongoing Council Tax Single Person discount review.**
- **Continue to 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**