

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 6 September 2017
Report for: Information
Report of: Counter Fraud & Enforcement Manager

Report Title

Counter Fraud & Enforcement Team (CFT) : 2016/17 Annual Report

Summary

The report:

- outlines the Councils' fraud prevention and detection performance and activities in 2016/17 and
- outlines the teams' plans for 2017/18

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 Following the transfer to the DWP of all staff involved with investigation into benefit fraud on 1 March 2016 the council has retained 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 now to investigate Revenues related matters such as Council Tax Support, Council tax discounts, Non Domestic rates liability avoidance and Social Care Fraud.
- 2.2 In the past the authority was able to rely on referrals from members of the public wishing to report persons believed to be committing benefit fraud, but as that area of work is no longer our remit, the team has been more proactive in generating referrals from working closely with other teams within the authority. An example of this has been the partnership developed with the Councils insurance team. An example of a successful conclusion to an investigation can be seen at **Case Study 1** below.
- 2.3. The team has done a great deal of work relating to Non Domestic rates, a particularly important area of work in view of the revenue generated in this area. It has been identified that there are a large number of companies who supporting businesses by assisting them to reduce their business rate liability by participating in rate mitigation schemes. The team has been playing an important role in ensuring that these schemes are being operated lawfully and in accordance with legislation. An example of where it was identified that this was not the case can be seen at **Case Study 2** below.
- 2.4 In addition to effectively investigating allegations of fraud, the teams remit is also to provide an effective service to support and enhance the enforcement of money already owed to the Council as well as reduce Council expenditure and/or generate income within Exchequer Services. An example of this has been the work carried out to support the Client services team in cases where traditional debt recovery procedures had failed to provide a satisfactory response. This resulted in a number of accounts being either settled or the debt being significantly reduced following the teams intervention. Another particularly productive case relating to this area involved the identification of a case where the service users daughter had attempted to evade care charges by transferring his property into her name – **further details are shown below in Case Study 3**

Case Study 1

An investigation was set up in relation to a council tax payer who had been claiming a discount at 2 separate addresses in the borough on the basis he was the sole occupier of each property. However it was identified that during this time an insurance claim had been made against the authority by another adult who had stated in her claim that the accident that had resulted in the claim being made had happened “in her husbands car, when we lived at” the address in question. The subsequent investigation identified financial links between both parties at both addresses involved and that they had got married during this time. After initially claiming to be living at separate addresses, it was accepted that they had been living together for a 3 year period during which time the discount had been incorrectly claimed. An additional Council Tax liability was subsequently calculated amounting to £1650, which was paid in full.

Case Study 2

An investigation was successfully concluded after it was established that a supposed non domestic rates mitigation scheme being operated was not as it initially appeared to be. The company involved had been attempting to reduce their clients rate liability by claiming periods of 3 month rate exemptions on 2 offices by periodically storing rolls of carpet supposedly belonging to their client for 6 week periods before moving the goods back in. However when a challenge was made about why the goods were being stored, who they belonged to and where they were being stored during the respective 3 months periods when NOT in the premises the company became evasive. Further evidence was requested in the form of delivery notes to help verify the situation and what was eventually provided appeared to have been doctored. When further challenged regarding this, the company withdrew their request for the exemptions and settled in full the subsequent £10500 non domestic rates bill which was outstanding.

Case Study 3

A referral was made to the team relating to a case where a service user had died in 2014, 2 years after moving into residential care owing £43.5k in care charges. His daughter had attempted to have the debt discharged on the basis that her father had had no means to be able to pay it. However, the subsequent investigation identified that just before the gentleman went into care his property had been transferred into his daughters name for no monetary value. When contacted about this, his daughter denied that this had been done in an attempt to avoid her father having to pay any care charges, and that this had been done in order for him to be able to move abroad. The fact there had been no money involved in the transaction and that his declining health meant that he was already known to social services contradicted this statement. A further attempt was made by the clients daughter via the Ombudsman to have the debt discharged but this was denied and instead, the authority was able to successfully obtain a court order to recover the debt in full (plus costs) which was achieved following the sale of the property.

Table 5 below shows the amount of income generated by the team during the 2016/17 financial year:

Table 5 – Counter Fraud & Enforcement Team

	Amount (£)
Council Tax Discount Cancellations	24k
Council Tax Support/ Council Tax Benefit Overpayments	72k
Council tax Liability Irregularities	15k
Non-Domestic-Rate, Liability Irregularities (net)	420k
Adult Social Care Enforcement	104k
Total	635 k

4.0 Partnership Working

4.1 Over the last 12 months the team has continued to build on the closer working partnership between various other departments within Trafford Council (e.g. Trading Standards, Licensing, Environmental Health, Community Safety) and Greater Manchester Police (GMP) together with support from external agencies such as the DWP, HMRC, Probation Service & Immigration Services set up under the name Operation Bank. The authority has also played a leading role in the newly formed Lancashire and Greater Manchester Fraud Initiative group which was created by the various residual counter fraud teams remaining in the various local authorities who, like Trafford, had seen their previously existing benefit investigation teams transfer to the DWP over the last couple of years

5.0 Planned activity for 2017/18

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 unit 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 Authority, in particular in relation to Non Domestic Rates & Adult Social Care**
- **Work closely with Internal Audit to review existing Anti-Fraud policies to ensure that an anti fraud, security aware culture is developed and promoted within the borough.**
- **Continue pro-active & reactive working in relation to investigating irregularities affecting Council Tax and Non Domestic Rate liability**
- **Ensure that all referrals raised as a result of National Fraud Initiative data matching exercise are progressed and concluded appropriately**