



Counter Fraud Work Plan 2017/18

March 2017

Introduction

This document sets out the Council's Counter Fraud work plan for the 2017/18 financial year. The key challenge in responding to fraud risk is that no two frauds are the same. Fraud comes in many forms and from many sources. The Counter Fraud Team needs to be prepared for, and responsive to, new fraud risks and challenges as well as proactive in detecting fraud to enable recovery of Council funds from known sources. An important element of the role of the team is preventative, by being a visible presence within the Council and across the borough, working alongside external agencies including the Police and the Department for Work and Pensions (DWP) to raise public awareness and prevent fraud before it occurs.

The team remains responsible for all aspects of counter fraud and prosecution activity across the council, including but not limited to:

- Corporate fraud matters in relation to offences committed by employees;
- Procurement fraud by employees, contractors or other third parties;
- Fraud within schools;
- Housing related fraud in relation to applications, occupancy, sub-letting and Right to Buy applications; both for Brent Housing Partnership (BHP) and Housing Association partners.
- Council Tax Reduction Scheme applications;
- Blue Badges;
- Direct Payments fraud
- Non-Recourse to Public Funds cases.

The Council maintains a robust Anti-Fraud and Bribery policy on fraud and seeks to identify and appropriately deal with all those who have committed fraudulent acts against the Council. The Council's Counter Fraud Team works to identify losses to be recovered and, where appropriate, will take recovery action in accordance with the Proceeds of Crime Act following financial investigations.

Brent's Anti-Fraud and Bribery Policy seeks to reassure the users of Council services and employees of the Council that we take a tough stance against fraud.

Counter Fraud team objectives and targets for 2017/18

The Counter Fraud Team has the following objectives for the coming year:

- Appoint a new Head of Audit and Investigations and re-configure the service to create the most effective and appropriate counter fraud response for Brent.
- Maintain and promote a continued cohesive approach for the delivery of Counter Fraud activity within the Council; in particular a more joined up approach is planned whereby Fraud Investigators and Internal Auditors work more closely to enhance the detection and investigation of fraud risks within schools, this cohesive approach will be further bolstered by the development of a more holistic approach to dealing with financial risks within schools. A new strategic group is being created to formally involve HR, Finance, Schools Improvement, Audit and Investigations.
- Completion of cross borough proactive Counter Fraud activity including for example hosting of a counter fraud conference targeting fraud within Schools.
- Implementing a smarter focus on outcomes, prioritising resources where the greatest impact is most likely to be achieved
- Developing the capability and capacity of the team in relation to both Corporate Fraud and recoveries of illegal profit under the Prevention of Social Housing Fraud Act 2013.
- Undertaking targeted pro-active fraud operations
- Maintaining and developing partnership working with BHP and Housing Associations to tackle Housing Fraud

These objectives will be delivered through the work programme outlined in the following section. The performance of the team will be measured against the following:

Housing Recovery target: Recoveries: 55

The following five special proactive investigation projects are planned:

1. Staff sickness, the objective of this project is to determine whether Brent exhibits best practice in the management of staff sickness. We plan to look at general sickness procedures and also the dealing of complex cases.
2. Zip car usage, the objective of this project is to establish the extent of any misuse by staff in the scheme.
3. Special project to prevent, detect and investigate Business Rates fraud, the objective of this project is to establish the existing procedures and protocols within the department to prevent and detect fraud; And to establish a methodology to determine a sample of high risk cases for scrutiny. These could include looking at various discounts e.g. charitable relief cases, discounts for unused space and property size changes. We would also wish to look at cases where businesses are totally undeclared for tax and where corruption or collusion might be a factor.

4. Special project to enhance joint working with BHP and Housing Associations, to prevent, detect and investigate Housing Fraud (Right to Buy, abandonment, false assignment and succession and subletting).

5. Communications and PR, this project seeks to publicise our successes, as well as to foster new information, intelligence and allegations from our partners and citizens.

It is important to note that the current Interim Head of Audit and Investigations is contracted until June 2017 and that around a third of counter fraud resources are currently provided by agency staff, who will be leaving in around March 2017. The recruitment of the new permanent Head of Audit and Investigations is underway and the recruitment of at least three new counter fraud staff will need to occur once new structures have been established to provide a more effective, reconfigured service.

The nature of proactive work is that the projects above are likely to need time to reach fruition, immediate tangible results are not normally achievable. The full benefits of the work is likely to be achieved in 2018/19.

It also planned that the existing proactive work will continue in relation to detecting and investigating fraud in Personalised Budgets (Direct Payments), Non-Recourse to Public Funds (NRPF) and Blue Badge misuse and fraud (via on street quarterly drives).

In relation to NRPF, a formal business case is being drafted to detail the costs and possible wide scale benefits around the proposal to embed an Immigration Officer at Brent to formally work with the team to prevent and detect fraudulent applications. This approach has been trialled successfully in Lewisham, where an overall 31% fraud rate in applications has been detected, it has been reported that the embedded immigration officers are directly responsible for around a third of this detection.

Counter Fraud Work Programme for 2017/18

In its publication The Local Government Fraud Strategy, The National Fraud Authority recommended a three strand approach to countering fraud. The Council has an Anti-Fraud and Corruption Strategy which links our stance on fraud to the three strands and is the basis of this work programme.

| Acknowledge | Prevent | Pursue |
|---|---|--|
| <i>Acknowledging and understanding fraud risks</i> | <i>Preventing and detecting fraud risks</i> | <i>Being stronger in punishing fraud and recovering losses</i> |
| <ul style="list-style-type: none">• Assessing and understanding fraud risks• Committing support and resource to tackling fraud• Maintaining a robust anti- fraud response | <ul style="list-style-type: none">• Making better use of information and technology• Enhancing fraud controls and processes• Developing a more effective anti-fraud culture | <ul style="list-style-type: none">• Prioritising fraud recovery and the use of civil sanctions• Developing capability and capacity to punish fraudsters• Collaborating across local authorities and with law enforcement |

Acknowledge

| Activity | Detail | Target Outcomes |
|--|---|--|
| Right to Buy | <p>In the publication Protecting the Public Purse, detected Right to Buy fraud cases for 2014 were worth £12.3 million.</p> <p>We will continue to work with the Right to Buy team to conduct detailed risk based checks into applicants who are in the process of purchasing their council property.</p> | <p>To ensure that the Right to Buy Team have the best systems in place to prevent and detect fraud and that they are invoking anti money laundering rules in all appropriate instances</p> |
| Business Rates | <p>Business Rates continues to be a known fraud risk area.</p> <p>We will work with the Business Rates team to conduct visits to businesses and properties within the borough where exemptions and discounts have been applied. The visits will help ensure that exemptions and discounts have been claimed correctly.</p> | <p>To proactively identify instances of fraud or to give assurance that the current processes the council operates with regards to business rates exemptions and discounts are mitigating fraud risks.</p> <p>This will also raise the profile of the Council's Counter Fraud Team within the local business community.</p> |
| Effective publicity and promotion of anti-fraud work | <p>Brent and other neighbouring Councils, have in the past worked to prevent fraud and to foster new referrals, by actively publicise successes and also running campaigns to target certain risk types e.g. housing fraud.</p> | <p>To work with the councils press office and Brent Housing Partnership to publicise cases and to promote anti-fraud campaigns, we are already tentatively working with Shine TV to produce a documentary on a recent successful housing prosecution case.</p> |
| Social Housing Fraud | <p>We will seek to tackle areas of social housing fraud risk. This includes Housing applications, allocations, the housing waiting list, temporary accommodation and Right To Buy.</p> <p>The Audit Commission has identified tenancy fraud as the greatest loss to Local Government, estimating that nationally this type of fraud costs councils £900 million annually.</p> | <p>We will aim to prevent and detect false applications for housing and reduce fraud risk in temporary accommodation.</p> <p>We will undertake criminal prosecutions where appropriate having regard for the Fraud Act 2006 and the Prevention of Social Housing Fraud Act 2013 and raise awareness of the problem of social housing fraud and the damage it does.</p> |

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|----------------------|--|---|
| School Fraud | <p>The Audit Commission has stated that the number of fraud cases detected in maintained schools have risen by 6 per cent, and is worth £2.3 million.</p> <p>These frauds are generally committed by staff. We will seek to tackle this risk of fraud by working with the schools to address weak governance, and respond to concerns.</p> | To identify instances of fraud or to give assurance that the current processes the school operates are mitigating fraud risks. |
| Procurement | <p>In 2013/14 councils nationally detected 127 cases of procurement fraud worth about £4.5m.</p> <p>There is concern that organised crime is more prevalent in procurement fraud than in other fraud types.</p> | We will be alert to the risk of procurement fraud and deal effectively with any detected cases. |
| Personal Budgets | <p>As the use of personal budgets has expanded since 2007 the number of cases of detected fraud has also risen. In 2013/14 these cases nationally were worth £6.2m.</p> | We will be alert to the risk of fraud and will ensure that proper safeguards are in place proportionate to risk and in line with good practice. |
| Council Tax Discount | <p>Councils nationally detect more Council Tax discount fraud than any other type of non-benefit fraud. Despite having the lowest average value of non-benefit frauds, in 2013/14 these cases were worth £16.9m.</p> | We will continue to investigate cases of Council Tax Discount fraud and impose appropriate sanctions. |

Prevent

| Activity | Detail | Target outcomes |
|---|---|---|
| To continue to deliver Fraud Awareness training and to raise awareness of the team's activities across the Council, in order to identify new areas of activity. | This work seeks to raise the profile of counter fraud. Additionally we will seek to reinforce messages about the standards of behaviour expected from staff, ways to consider fraud risks and how and when to report suspicions of fraud. We will also ensure key messages from recent publications are included. This is a vital means of shaping the culture of the organisation. | Managers and staff are aware of fraud risk and the key messages are disseminated to teams. We will request feedback from delegates on fraud awareness training courses |

Pursue

| Activity | Detail | Target outcomes |
|--|---|--|
| We will allocate resources to investigate anomalies raised by the National Fraud Initiative data matching exercise. | <p>During 2015 administration of the National Fraud Initiative Audit moved from the Audit Commission to the Cabinet Office.</p> <p>The initiative is run every two years, although ad hoc matches are now also conducted throughout the intervening years.</p> <p>During 2017/18 we will be investigating various anomalies across a range of data matches that will be provided to the council.</p> <p>We will work with internal departments and external organisations in order to undertake risk assessments on the matches we have received. Where appropriate we will conduct investigations report outcomes.</p> | To identify fraud, error and overpayments. |
| We will carry out large scale, pro- active counter fraud operations in order to raise the profile of the team in the community and with other stakeholders. In order to detect cases of fraud that would not otherwise identified. | We will carry out at least one operation per quarter, based on intelligence, local knowledge and previous experience. | <p>Blue badge enforcement, Non-Recourse to Public Funds, Proactives for Housing Association partners, recover social housing and apply sanctions as necessary.</p> <p>Raise the profile of the Counter Fraud Team's partnership working.</p> |
| Investigate instances of Council Tax Reduction Scheme fraud. | We will work closely with our partners in the Department for Work and Pensions (DWP) and participate in the Housing Benefit Matching Service (HBMS) and the National Fraud Initiative (NFI) data match. | To identify fraud and apply sanctions where required. |