



**Compliance Team  
Annual Report  
2012-2013**

## 1 Introduction

Peterborough City Council, in common with all other public bodies, has an ongoing duty to protect the public purse. The main purpose of this report is to provide an overview of general and specific fraud issues that are of relevance to Peterborough City Council. Public sector standards of governance are high and the control systems are effective in minimising the exposure to fraud.

The council has clear anti-fraud and whistle blowing in place to ensure that we have a robust response to any allegation raised.

The council has a dedicated team, which considers all allegations of fraud and financial irregularity.

## 2 Quantity of Fraud

According to the National Fraud Authority's latest figures for 2012, fraud costs the UK over £73 billion a year, which equates to £1,460 per adult in the country per year. Fraud against the public sector costs £20.3 billion.

The Audit Commission's annual report entitled 'Protecting the Public Purse', which covers 2011 to 2012, sets out its estimate of local authority losses to a variety of fraud.

<u>Type of fraud</u>	<u>Estimated loss</u>
Housing/tenancy fraud	£900m
Procurement	£890m
Housing Benefit	£300m
Payroll	£153m
Council Tax	£131m
Blue Badge	£46m
Grants	£41m
Pension	£5.9m

Although Peterborough City Council does not have its own housing stock, the Compliance Team is working with Cross Keys Homes, as the city's largest social landlord, and other local authorities in Cambridgeshire to tackle risks associated with housing/tenancy fraud. A fraudulently obtained or misused property affects those in genuine need and may lead to other frauds being committed against the council. The Compliance Team already works with the council's own Housing Options team to tackle fraudulent applications at the outset.

During 2012-2013, the Compliance Team received details of six potential fraud or financial internal irregularities for investigation, all of which proceeded to a full investigation, with three remaining under investigation.

It can be seen from the chart below that the numbers of corporate case referrals, i.e. non benefit fraud, have stayed around the same for this reporting

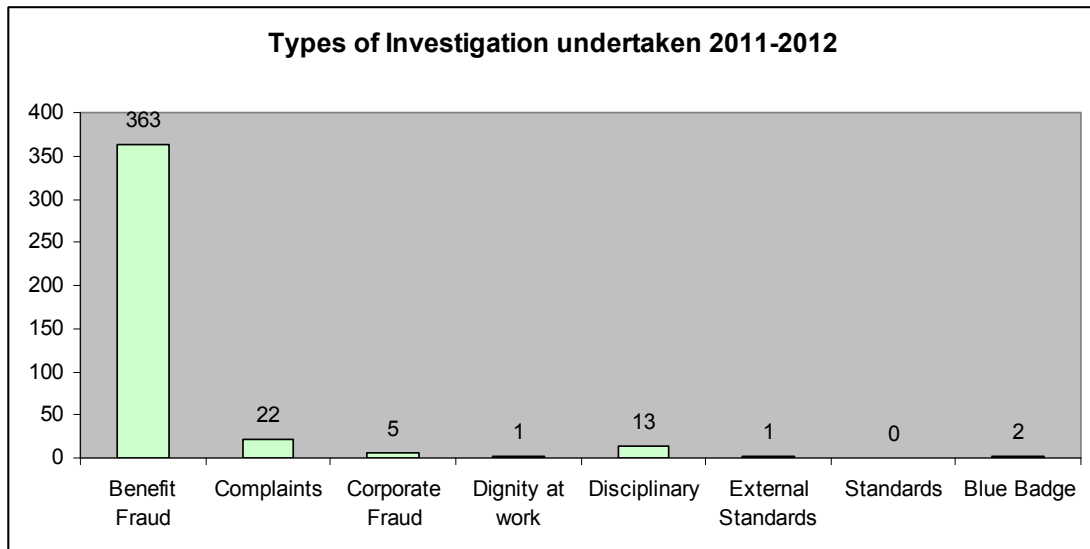
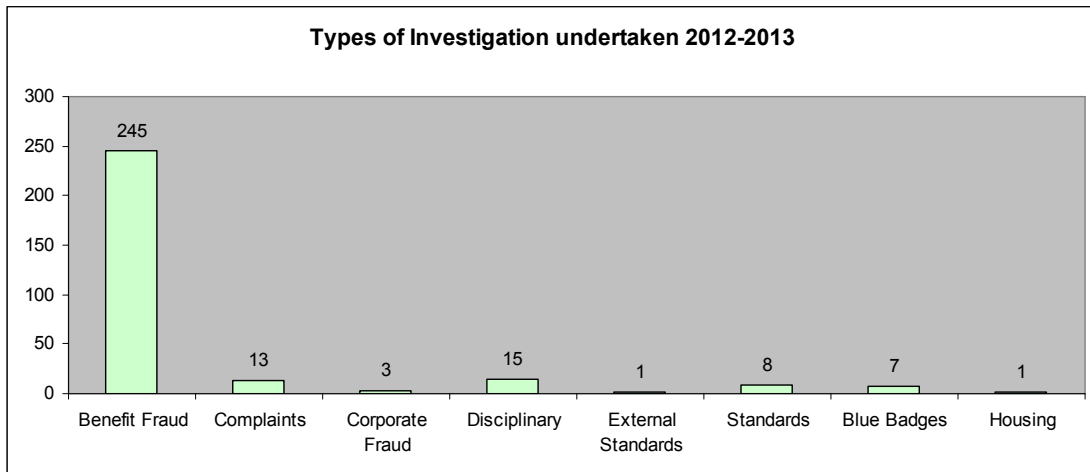
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year but there has been an increase in the number of member standards cases investigated by the team.

The Compliance Team also investigated seven cases of potential Blue Badge misuse which represents an increase on the previous year. All allegations of Blue Badge misuse are considered on their merits and the evidence supplied in support of the allegation. Two individuals were prosecuted for misuse of Blue Badges.

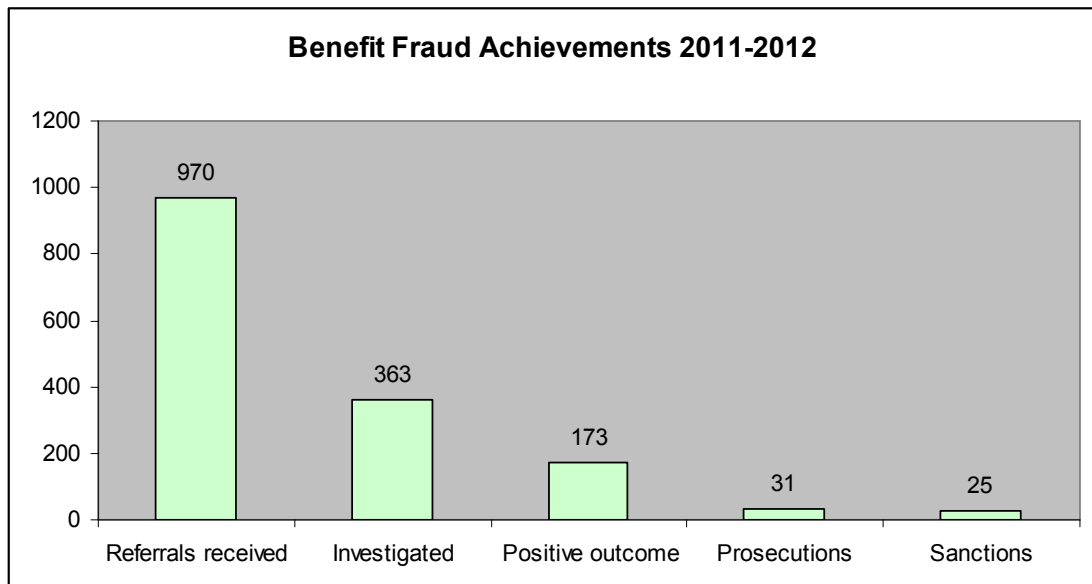
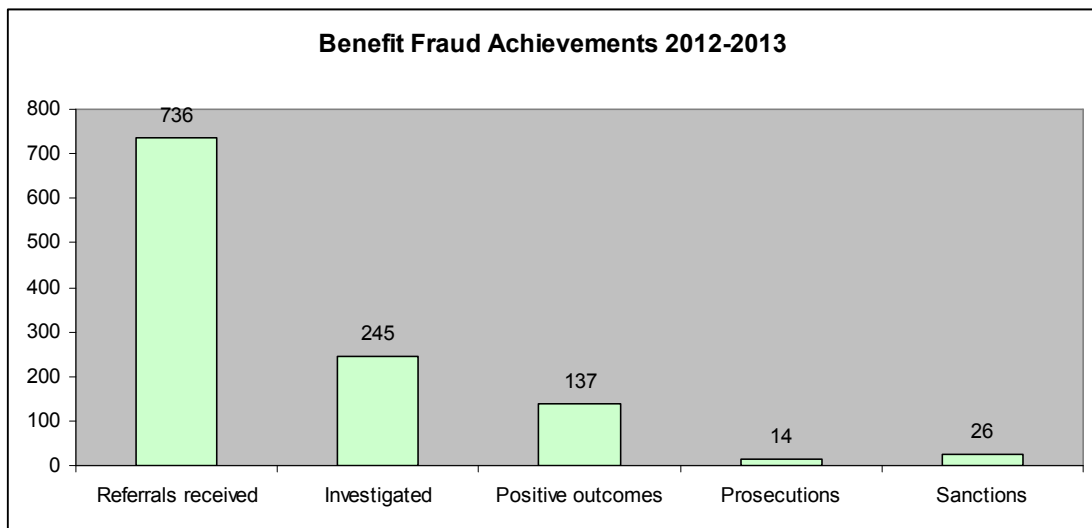
Additionally, 736 allegations of benefit fraud were received as opposed to 970 referrals in 2011-2012. Following a strict risk assessment, 245 were investigated. 137 cases resulted in a positive outcome which shows that the team has achieved a 55% success rate in the investigations carried out - this is an improvement of 8% on the previous year.

Types of investigations undertaken during 2012-2013 are detailed in the chart below:



#### 4 Housing and Council Tax Benefit

Benefit fraud will always be the greatest risk faced by local authorities owing to the high volumes of payments and complexities of legislation. The number of referrals has decreased from the previous year however this is due to a decrease in the number of data matching referrals received from the DWP. The Compliance Team continues to work closely with the Benefits Service to reduce the incidence of fraud and error within the benefits system. The chart below highlights the success of the Compliance Team in 2012-2013:



There has been a decrease in the number of prosecution and sanctions in 2012-2013 which is attributable to one full time investigator being absent through long term sickness and another being absent on maternity leave. Despite this, the team uncovered a higher amount overall of overpaid benefits

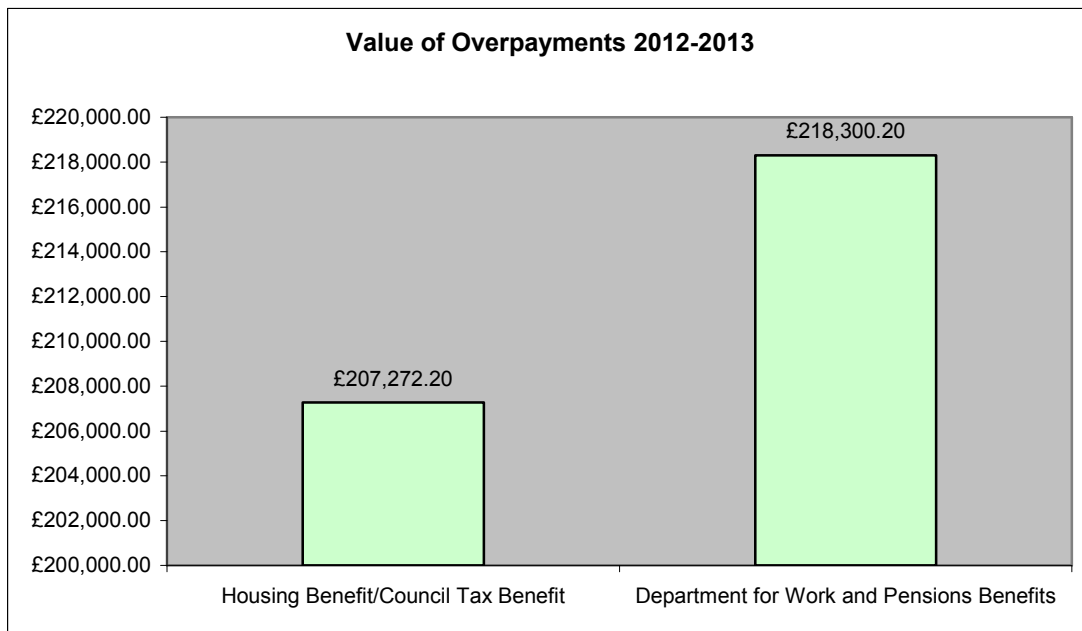
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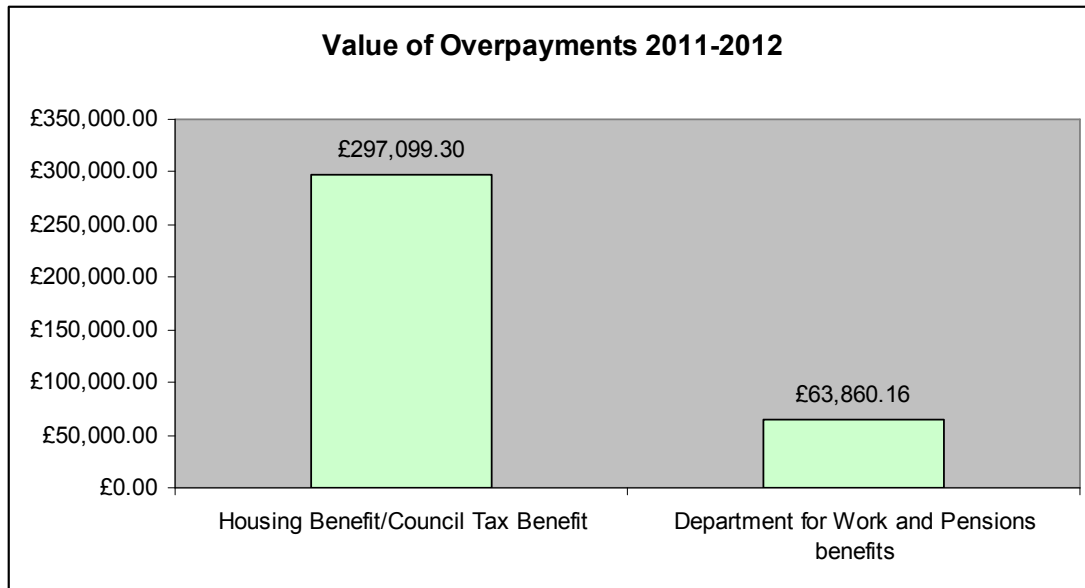
and maintained the same percentage of successful sanctions despite a smaller number of investigations.

A prosecution is the most visible of all the sanctions available to the team and each prosecution will be publicised. This approach sends out a strong message of assurance to the residents of Peterborough and encourages reports of alleged abuse to be made to the council's fraud hotline and dedicated fraud email address. Although only 14 prosecutions were completed within the year, a further 16 were lodged with prosecutors and are awaiting court dates. Since 1 April 2013, court dates have been confirmed for six of these matters.

It is important to note that any referrals that do not qualify for investigation after the risk assessment process are not ignored; these cases are either referred to our colleagues at the Department for Work and Pensions or referred internally for a visit to be undertaken by officers within the Benefits Service.

The value of fraudulent benefit uncovered by the team is shown below:





The overall value has risen over the year and includes two cases where the total DWP overpayment totalled almost £150,000.

An example of a successful investigation is outlined below:



A benefits customer claimed Housing Benefit and Council Tax Benefit on the basis that he was self employed and his wife also had a low income. A referral was received via data matching which suggested that he had two undeclared non dependants living with him. Through an investigation into his claim, the investigator established that not only had he failed to declare his son and his son's partner, but had also failed to declare two annuities, an occupational pension, two periods of employment for him and undeclared employment for his wife. This resulted in the customer being overpaid over £5,000. He pleaded guilty and was ordered to carry out 180 hours unpaid work and repay all of the monies.

## 5 National Fraud Initiative

In January 2013, the Audit Commission released its latest National Fraud Initiative matches in respect of council data, which had been matched against a number of public sector agencies and central and local government. The Compliance Team is currently working through these matches to identify any irregular claims.

## 6 Blue Badges

The Compliance Team has continued to administer the Blue Badge scheme and 2012-2013 saw the introduction of independent medical assessments to ensure that badges are supplied to those in genuine need.

The team has also continued to investigate allegations of Blue Badge misuse and prosecute where there is sufficient evidence to do so. This year, we have prosecuted two individuals for misuse.



A Civil Enforcement Officer identified a Blue Badge being displayed in a car parked in the city centre. On inspection, it transpired that it belonged to the driver's father-in-law. An investigation established that the driver had used the badge despite his father-in-law passing away some 12 months earlier. He pleaded guilty to the charges, was fined £150, ordered to pay £150 costs and a £20 victim surcharge.

## 7. Electoral Integrity Initiative

The Chief Executive has continued to make it a priority to take strong and effective action to counter electoral fraud in Peterborough. The Head of Governance is a member of the Electoral Commission's Integrity Roundtable and joins forces with other key officers and stake-holders to maintain a robust stance against abuse of the system. A strong partnership approach between Peterborough City Council and Cambridgeshire Constabulary has also continued to thrive with both organisations holding regular meetings and sharing good practice. The Compliance Team is a key component in this approach through its work in proactive visits, data matching, postal voting operations and analysis.

The Council's good work has been recognised by the Electoral Commission and the Cabinet Office in national reports and the Compliance Team has received several requests to present to national meetings on its approach to electoral integrity.

## 7. Other Investigations

A number of other investigations have been undertaken by the team during 2012-2013:

- Disciplinary Cases:
  - 15 cases of alleged disciplinary breaches were investigated which included two investigations carried out on behalf of another local authority. The results of these include dismissals, final written warnings, verbal warnings and resignations.
- Stage 3 Complaint Investigations
  - 13 cases were referred to the team for investigation. This is a decrease on previous years and reflects a reduction in complaints against the council reaching Stage 3.
- Member Standards Investigations:
  - A number of internal cases were investigated in addition to one external matter. The team continues to operate under the new

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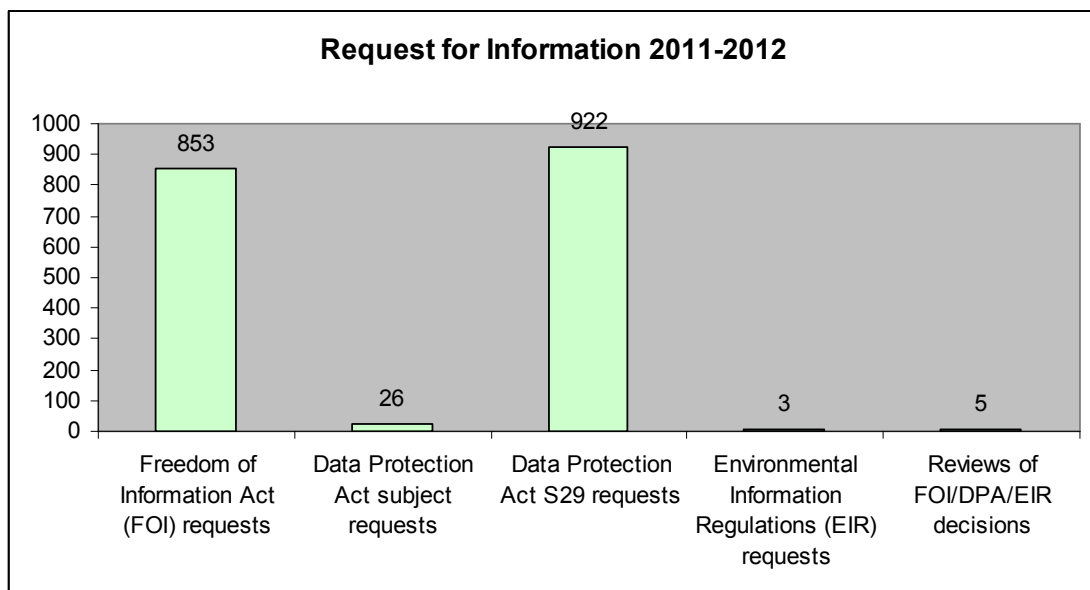
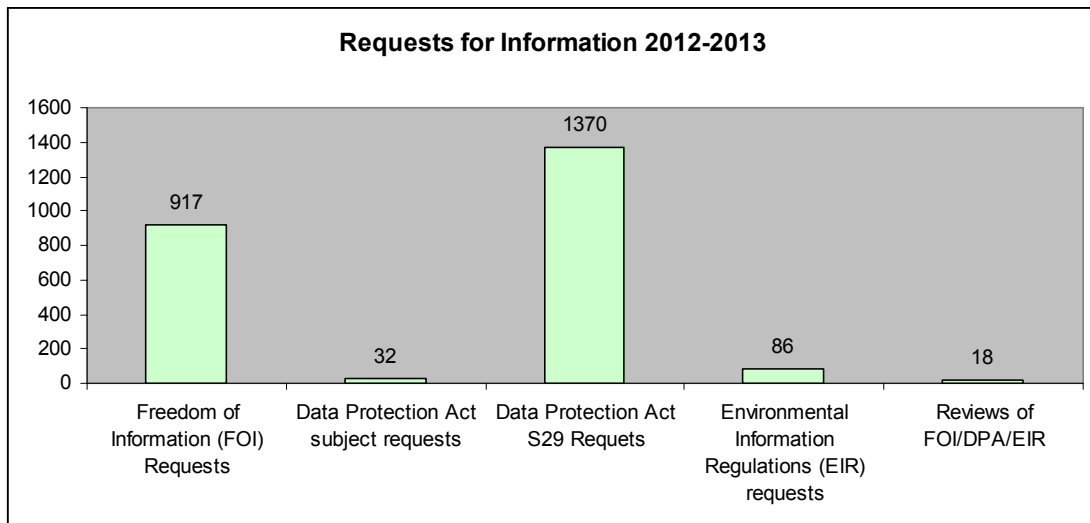
standards regime as well as maintaining a service to other councils where required.

During 2012-2013, the team has received a number of compliments on the high standard of its work from directors, chairs of committees, members and clients.

### 8. Information Governance

The team continues to manage Freedom of Information (FOI), Environmental Information Regulations (EIR) and Data Protection responses, both subject access requests and section 29 responses.

The council (through the Compliance Team) received and responded to the following requests for information during 2012-2013:





FOI continues to be an expanding area of work for the team in terms of volume, sensitivity and complexity. The volume has risen by 7.5% on FOI requests alone along with a huge increase in the number of EIR requests received.

The team is also leading on data protection and awareness of the council's responsibilities through the Data Protection Action Group. This key area of work involves providing advice and guidance to service areas on how to improve data security. Information governance is a key area for the Council and the Compliance Team will play a leading role in delivering data assurance in the coming year.

## 8 Conclusion

Counter fraud activity remains a priority for the council and there continues to be a successful approach to dealing with this risk. Frequent commissions by other local authorities to undertake external investigations for both standards and disciplinary matters are testament to the success and professionalism of the team.

Benefit fraud continues to be a significant fraud issue facing the council in terms of both financial value and workload. The team continues to build upon its robust delivery in this area and is also expanding its knowledge in other areas of fraud such as electoral integrity, social housing and housing applications.

The Information Management function has continued to see an increase in the number of FOI and EIR requests. This has been addressed through a review of the service and additional resources being deployed to tackle the increase in volumes. We will continue to lead on information governance issues to ensure the council is compliant with the necessary legislation.

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