

AUDIT COMMITTEE

MONDAY 14 SEPTEMBER 2020
5.00 PM

VENUE: [Peterborough City Council Youtube Page](#)

THE CHAIRMAN WILL ASSUME THAT MEMBERS HAVE READ THEIR PAPERS PRIOR TO THE MEETING TO AVOID UNNECESSARY INTRODUCTIONS TO REPORTS. IF ANY QUESTIONS ARE APPARENT FROM THE REPORTS THEY SHOULD BE PASSED TO THE REPORT AUTHOR PRIOR TO THE MEETING

AGENDA

Page No

1. Apologies for Absence

2. Declarations of Interest

At this point Members must declare whether they have a disclosable pecuniary interest, or other interest, in any of the items on the agenda, unless it is already entered in the register of members' interests or is a "pending notification " that has been disclosed to the Head of Legal Services.

3. Minutes of the Meeting Held on 13 July 2020	3 - 12
4. Annual Audit Committee report	13 - 26
5. Annual Report: Investigating Fraud 2019/2020	27 - 78
6. Annual Report: Insurance and Insurance Fund Report 2019/2020	79 - 88
7. Use of Consultants	89 - 96
8. Decisions Made by the Shareholder Cabinet Committee	97 - 100

INFORMATION AND OTHER ITEMS

9. Use of Regulation of Investigatory Powers Act 2000 (RIPA)

The Committee is asked to **NOTE** that there have been no RIPA authorisations in this quarter.

10. Approved Write-Offs Exceeding £10,000

The Committee is asked to **NOTE** that there have been no approved write-off amounts to report which exceed the Council's Financial Regulation threshold of £10,000

- | | |
|----------------------------|------------------|
| 11. Feedback Report | 101 - 104 |
| 12. Work Programme | 105 - 110 |

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Committee Members:

Councillors: D Over (Chairman), A Shaheed, Warren, Joseph, Coles, Jones and D Fower

Substitutes: Councillors: Lillis, Burbage, Iqbal and Nawaz

Further information about this meeting can be obtained from Daniel Kalley on telephone 01733 296334 or by email – daniel.kalley@peterborough.gov.uk



**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD AT 5:00PM, ON
MONDAY, 13 JULY 2020
VIA ZOOM CONFERENCE**

Present: Councillors Over (Chairman), Joseph, Shaheed, A Coles, Fower, Jones and Warren

Officers in

Attendance: Peter Carpenter, Acting Corporate Director of Resources
Dan Kalley, Senior Democratic Services Officer
Steve Crabtree, Chief Internal Auditor
Kirsty Nutton, Head of Corporate Finance
Fiona McMillan, Director of Law & Governance and Monitoring Officer

Also in

Attendance: Councillor David Seaton, Cabinet Member for Finance
Neil Harris, Associate Partner Ernst & Young
Dan Cooke, Audit Manager Ernst & Young

1. APOLOGIES FOR ABSENCE

There were no apologies for absence received.

2. DECLARATIONS OF INTEREST

There were no declarations of interest were received.

**3. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 27
JANUARY 2020**

The minutes of the meeting held on 27 January 2020 were agreed as a true and accurate record.

4. DRAFT STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 2019/20

The Audit Committee received a report in relation to the Draft Statement of Accounts for the year ended 2019/20.

The purpose of the report was to provide Members with the opportunity to consider and approve the Draft Statement of Accounts in accordance with the legislation.

The Head of Corporate Finance introduced the report and explained that due to changes in legislation in response to the Corona virus pandemic, the draft accounts could now be considered at this meeting. Changes meant that the fully audited document would now be signed by the end of November rather than the end of July.

The external audit which commenced on 22 June had, to date, generated queries, of which 158 had been cleared. Of the 50 that remained these were either being actively worked on or were not yet due for response. For the financial year 2019/20 there was a final underspend of £96k which had been put back into the budget.

The accounts had been compiled to the 31 March 2020, approximately two weeks into the pandemic and the impact of the pandemic was difficult to assess. Main impacts anticipated were the valuation of buildings, the assessment of assets and liabilities in the pension fund, the debtors balance and the collection of business rates and council tax.

Neil Harris, Associate Partner Ernst & Young (EY) gave a review of the Audit Plan and explained how the approach would be amended to account for the Corona virus pandemic. The Audit Plan set out the work required to address the risks associated with the council's arrangements to secure financial resilience. There were no significant concerns on the council's operating control environment. The planned levels of materiality would continue to be reviewed but would not be revised at this stage. Valuations would need to be reviewed in light of the effects of the Corona virus pandemic.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- All Audit Teams within EY had been given a briefing from their Real Estate Team to identify risks associated with valuations as at 31 March 2020. EY felt the councils most exposed would be those who had invested in property, retail, hospitality and construction. Those authorities would be exposed to more volatility and uncertainty.
- Peterborough City Council (PCC) did not have a significant level of commercial investment properties, which would be more exposed to the markets in comparison to other local authorities and had a wide diversity of assets.
- As the PCC valuers had expressed a material uncertainty across all categories of assets, EY would challenge that judgement before reaching an audit conclusion.
- Councils needed to consider their position and acknowledge the link between the valuation at the year end and medium to long term strategy on the capital programme and the benefits and realisation from investment in housing. Valuations at the year-end would be based on the current assessment of the housing market at that point in time.
- The accounts had to be signed off by the S151 Officer by 30 September; the date had been 31 July for previous years. The importance of the date was that information submitted by the Council was included in national returns for comparisons between local authorities and there had been 40 to 50 councils who failed to submit their accounts on time

last year. Peterborough had always been an early adopter of the audit standards. During this time the Council would follow the public consultation process. This year the public consultation would start in August to ensure openness and transparency to the public.

- The government wanted all local authorities to have their accounts open for public consultation and challenge at the same time and had moved the date back to allow more time for some local authorities (LAs) to prepare. Revised timetables had been issued by (*Ministry of Housing, Communities and Local Government*) MHCLG for this year to provide greater flexibility in response to the Covid-19 pandemic.
- The target date this year for the audited accounts was the end of November, in previous years it had been the end of July.
- The Council's strategy was to move some debt from longer term to shorter term in order to mitigate the anticipated forecast overspend and make savings as the shorter the term rates were lower than rates for longer terms.
- There had been a change on how the government valued liabilities. The way actuaries had assessed the long-term liabilities of pensioners had meant the liability had decreased, a situation reflected across other local authorities. It was suggested that the actuaries could present their findings and held to account on this matter as the effect on the whole accounts was £100m.
- Councillors wanted to know how many homes had been provided with the £12m spend from Medesham Homes. The Acting Corporate Director of Resources agreed to source and circulate that information.
- The borrowing ratio was relatively high however 40/50% was as a result of Peterborough being a high growth area for the last 20 years and the resulting impact on school building expenditure. Although the schools were run by third parties, the council retained the debt.
- The council anticipated being £100m under the capital financing level indicator. Members were referred to the Outturn Report, which was to be discussed later on the agenda.
- A government consultation was currently underway regarding LA borrowing. This could result in changes to the way LAs borrowed money in the future.
- A significant number of staff were now comfortable working from home which would free up office space. However it was important to assess staff in terms of mental health, morale and team working if the general direction was to work at home more.
- Property enquiries continued to be received from civil service departments trying to relocate from London, opening opportunities to rent empty office space.
- Whilst acknowledging that the Council had been open concerning the budget challenges and had taken steps to address them, auditors remained concerned with the overall situation.
- The Council were not exposed to significant investments in commercial trading subsidiaries. Councils who had invested in those areas were more significantly impacted by Covid-19 and it seemed unlikely that the government were going to support any resulting budgetary impact.
- The level of risk councils undertaken by Councils may need to be re-assessed in the future.

- Councils could recoup up to 75% of lost income on fees and charges from the government but could not recover loss of investment or commercial income.
- Some income was generated through working with other councils.

The Audit Committee considered and **RESOLVED** (unanimously) to note the Draft Statement of Accounts 2019/2020 prior to the Chief Finance Officer's certification by the 30 September 2020.

ACTION

The Acting Corporate Director of Resources agreed to source and circulate information on how many homes had been provided with the £12m spend by Medesham Homes.

The Acting Corporate Director of Resources agreed to correct the public record of the agenda Page 12 Item 4.13 on pension liability.

5. ANNUAL GOVERNANCE STATEMENT 2019/20

The Audit Committee received a report in relation to the Annual Governance Statement 2019/20.

The purpose of the report was to provide Members with details of the Annual Governance Statement which formed part of the closure of the previous year's accounting process.

The Acting Corporate Director Resources introduced the report and explained that the report set out the corporate view of the processes and procedures adopted by the council, giving the council's view on governance arrangements and their appropriateness and followed the seven principles Society of Local Authority Chief Executives (SOLACE) Framework for delivering good governance in local government. There were five items in 2019/20 that required monitoring, namely:

- Setting a balanced budget;
- Implications of Covid-19;
- Council structures;
- Levels of debt; and
- Key staff

The Council attained an unqualified view of accounts for the year 2018/19, but highlighted significant risks in the budget gap.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- Council had received £11m to date in two tranches due to Covid-19. In addition, the CCG had provided £2.7m and a further £2.5m had been

received for (*Personal Protection Equipment*) PPE for care homes, however the council had a deficit of approximately £14m, a similar situation to most other local authorities.

- Schools balances totalled £3.2m at 31 March 2020, compared with £3.4m at 31 March 2019. This reduction came as a result of the reserve balance associated with a specific school transferring to the new management when a school acquired academy status.
- Cyber security remained an issue and additional measures had been put in place.
- Fraud updates were received daily covering areas where fraud was being identified within the sector.
- Staff were reminded regularly to be aware of IT security.

The Audit Committee considered the report on the Annual Governance Statement 2019/2020 and **RESOLVED** (unanimously) to:

1. Note the arrangements for compiling, reporting on and signing the Annual Governance Statement.
2. Review and comment on the Annual Governance Statement including any areas which should be amended; and
3. Subject to changes identified above, agree and approve the statement for signature by the Chief Executive and Leader of the Council for inclusion in the statement of accounts.

6. COUNTER FRAUD POLICIES

The Audit Committee received a report in relation to Counter Fraud Policies.

The purpose of the report was to provide the Committee with the Councils approach to tackling fraud and corruption.

The Chief Internal Auditor introduced the report and advised that fraud was generally on the increase in all aspects and some people were looking to exploit the council at every opportunity. Measures had been in place for several years and were brought to the committee to provide an update on any changes. Fraud Policies circulated included those against money laundering, council tax and business rates, blue badges and car parking permits.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- Fraud was increasing across all areas of the public sector.
 - Some errors could be attributed to human error rather than deliberate dishonesty and fraud.
 - Fraud was becoming more sophisticated and the council were regularly reviewing its control measures in place to mitigate any attempts to defraud the Council.

The Audit Committee considered the report on Counter Fraud Policies and **RESOLVED** (unanimous) to note the content of the report.

7. ANNUAL INTERNAL AUDIT OPINION 2019/2020

The Audit Committee received a report into the Annual Internal Audit Opinion 2019/2020.

The purpose of the report was to provide an overall opinion on the soundness of the control environment in place to minimise risks to the Council. It was based on the findings of completed audits and activities undertaken by the Internal Audit Team during 2019/2020.

The Chief Internal Auditor explained the content of the report to the committee. External works carried out with other associated organisations, such as Vivacity and the Combined Authority, were not included within the report as they would be reported through their own audit committees.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- New processes would be introduced shortly for Purchase Cards increasing authorisations and to facilitate improved monitoring.
- The council was reviewing its energy management arrangements which would be the subject of a Cabinet Member Decision Notice (CMDN). The Council now had access to its supplier gas and electricity bills and had gone out to tender for new energy contracts.
- Every Council system used was risk assessed and reviewed according to the risk rating on a regular basis, those with a higher risk factor were reviewed sooner and more frequently. The plans are regularly rescored as risks change.
- Audits in relation to Vivacity was covered in the next agenda item. The learning points established from an audit into the transfer of the contract with Amey to Aragon could be used to evaluate Vivacity procedures going forward.

The Audit Committee considered the Annual Internal Audit Opinion 2019/2020 and **RESOLVED** (unanimous) to endorse the attached Chief Internal Auditor's annual report for the year ended 31 March 2020.

8. INTERNAL AUDIT PLAN 2020/21

The Audit Committee received a report in relation to the Internal Audit Plan 2020/2021.

The purpose of the report was to review and agree the audit activity for the next audit year.

The Chief Internal Auditor presented the report which was originally due to be presented to the meeting in March which had been cancelled. It had been refocused to consider issues surrounding Covid-19. He outlined the content of the report and explained the plan identified areas of higher risk although regular reassessments of the plan would take place throughout the year. Some audits cover joint services with Cambridgeshire County Council. As an example, he

drew attention to the Infection Control Fund and explained that although this was a shared fund, Peterborough City Council would conduct the audit.

The Audit Committee considered the Internal Audit Plan 2020/2021 and **RESOLVED** (unanimous) to have:

1. Considered and agreed to the Internal Audit Charter for 2020/2021 (Appendix A);
2. Considered and agreed to the Internal Audit Code of Ethics 2020/2021 (Appendix B); and
3. Considered and approved the Internal Audit Strategy and Plans for 2020/2021 (Appendix C, D).

9. REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE

The Audit Committee received a report in relation to a review of the effectiveness of the Audit Committee.

The purpose of the report was for the Committee to review its effectiveness.

The Chief Internal Auditor introduced the report and explained that the committee was following best practice and was meeting industry guidelines, with regular meetings, set agendas, minutes and open discussions.

Pre briefs had been introduced and were working well. Member training requirements would need to be considered, however the method of delivery would have to be modified although as the committee was relatively unchanged, training requirements may differ from previous years.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- The Constitution could be amended to reflect changes to allow private meetings if required. The majority of local authorities did not hold private meetings.
- The Audit Handbook had been provided to Members setting out the work of the Audit Committee and this was due for review this year.
- The agenda for the Audit Committee was set throughout the year and in line with key decisions required, for example, specific dates for discussion of final accounts.
- Members expressed interest in a skills audit of committee members and the Chief Internal Auditor agreed to circulate details of a similar audit conducted at another LA.
- Some Members found the training and pre-briefs very useful and would like them to continue.

The Audit Committee considered the report on the Review of the Effectiveness of the Audit Committee and **RESOLVED** (unanimous) to have:

1. Considered the draft response to the CIPFA Toolkit checklist for Audit Committees, which records that the Committee meets all the good practice statements;

2. Considered the draft responses to the CIPFA Knowledge and Skills Framework for local authority audit committees; and
3. Agreed any actions which the Committee considers appropriate to amend or enhance the Committee's arrangements in light of the completed Knowledge and Skills Framework assessment and the CIPFA Audit Committee Toolkit checklist.

ACTIONS

The Chief Internal Auditor agreed to circulate the schedule of reports to Members and Democratic Services.

The Chief Internal Auditor agreed to circulate details of a similar audit conducted at another LA on a skills audit of committee members.

10. BUDGET MONITORING REPORT FINAL OUTTURN 2019/20

The Audit Committee received a report in relation to the Budget Monitoring Report Final Outturn 2019/20.

The purpose of the report was to provide the Committee with the outturn position for both the revenue budget and capital programme for 2019/20.

The Head of Corporate Finance introduced the report as presented to Cabinet on 22 June and advised there had been an underspend of £96,000 which was transferred to the capacity Building Reserve. She advised that new controls had been implemented for capital and revenue spend at a detailed level with rebasing of all budgets in September as outlined the contents of the report.

The Audit Committee considered the report on the Budget Monitoring Report Outturn 2019/2020 and **RESOLVED** (unanimous) to have:

1. Noted the final outturn position for 2019/20 (subject to finalisation of the statutory Statement of Accounts) of a £0.096m underspend on the Council's revenue budget;
2. Noted the reserves position outlined in section 6 and Appendix B, which includes a contribution to the capacity building reserve of £0.096m, as a result of underspend in the revenue outturn report details contained in Appendix A;
3. Noted the implications of the COVID-19 pandemic on the Council's financial position, as outlined within section 5 and Appendix E;
4. Noted the outturn spending of £64.3m in the Council's capital programme in 2019/20 outlined in section 7;
5. Noted the performance against the prudential indicators outlined in Appendix C;
6. Noted the performance on the payment of creditors, collection performance for debtors, local taxation and benefit overpayments outlined in Appendix D.
7. Approved the amendment to the Treasury Management Strategy to reflect the Business Improvement District loan outlined in section 7.

11. RISK REGISTER

The Audit Committee received a report in relation to the risk register.

The purpose of the report was for the committee to consider the risks identified on the risk report and to monitor the effective development and operation of risk management and corporate governance and was presented to the committee twice each year.

The Acting Corporate Director Resources introduced the report and explained that an additional section had been included specifically on Covid-19. Risks needed to be identified in a timely manner and mitigation plans put in place as soon as possible.

The Audit Committee debated the report on the Risk Register and in summary, key points raised and responses to questions included:

- Re-instatement of lockdown could be included on the risk register. It was confirmed that contingencies had been made for a potential spike in early Autumn.
- Focus was beginning to shift back to Brexit issues and processes would need to be changed once legislation had been approved. This would generate additional risks, such as tariffs applied to purchase from overseas and Europe.

The Audit Committee considered the report on the Risk Register and **RESOLVED** (unanimous) to note the report.

12. FINANCIAL CONTROLS

The Audit Committee received a report in relation to Financial Controls.

The purpose of the report was to update the Audit Committee on progress to date in implementing the range of recommendations made by Grant Thornton following their review of financial controls and procedures. Grant Thornton compiled their report following a survey of practices and put forward a range of proposals grouped into 20 key areas designed to ensure that PCC were following financial best practice. PCC set up a Financial Controls Board to oversee the implementation of the review. This report was intended to show the progress that had been made and to reassure the Audit Committee that PCC manages its finances through high quality internal controls and was actively working to improve them.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- The Grant Thornton recommendations implemented so far had put the council in good stead for managing Covid-19 expenditure.
- The Scheme of Delegation and the Changes to Financial regulations proposed would need to be considered at the Constitution and Ethics Committee meeting.

- It was hoped most changes not already introduced could be implemented over the next few months.

The Audit Committee considered and **RESOLVED** (unanimous) to note the progress that has been made towards implementing the Financial Improvement Programme (FIP) recommendations made by Grant Thornton following their review of financial controls and procedures during 2019.

13. **WORK PROGRAMME**

The Audit Committee received a report in relation to the work programme for 2020/2021.

The report was introduced by the Senior Democratic Services Officer who advised that the format followed a similar process to previous years and further items could be added to the programme at the Members discretion.

The Acting Corporate Director of Resources advised that a timetable change was required to all the Final Audit Opinion to be presented at the November meeting.

The Audit Committee considered and **RESOLVED** (unanimously) to note the report.

Chairman
Virtual meeting
5:00pm – 6.40pm

AUDIT COMMITTEE	AGENDA ITEM No. 4
14 SEPTEMBER 2020	PUBLIC REPORT

Report of:	Fiona McMillan, Director of Law and Governance and Monitoring Officer	
Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Finance	
Contact Officer(s):	Dan Kalley, Senior Democratic Services Officer	Tel. 296334

ANNUAL AUDIT COMMITTEE REPORT

R E C O M M E N D A T I O N S	
FROM: Fiona McMillan, Director Law and Governance and Monitoring Officer	Deadline date: N/A
It is recommended that Audit Committee approve the draft Annual Audit Committee Report for submission to Council as shown in Appendix 1 .	

1. ORIGIN OF REPORT

1.1 This report is submitted to Audit Committee in line with the agreed Work Programme for the Municipal Year 2019 / 2020. The report was due to go to the meeting on 23 March however this meeting was cancelled due to the Covid-19 pandemic.

2. PURPOSE AND REASON FOR REPORT

2.1 The Audit Committee has been in operation since Annual Council in May 2006 (first meeting June 2006). The Committee has a wide ranging remit that underpins the Council's governance processes by providing independent challenge and assurance of the adequacy of risk management, internal control including internal audit, anti-fraud and the financial reporting framework. These are shown in its terms of reference.

2.2 This report is for the Audit Committee to consider under its Terms of Reference No. 2.2.1.15

To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	
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4. BACKGROUND AND KEY ISSUES

4.1 The attached Draft Annual Report has been produced (**Appendix 1**). The report shows:

- Background to the Committee, its roles, responsibilities and membership;
- An overview and coverage of its remit including Internal Audit, Accounts and Financial

Management, External Audit, Risk Management, Control Assurance, Corporate Governance, and Fraud and Irregularities; and

- Training provided to ensure that suitable challenge and scrutiny is adopted.

4.2 During the year the Audit Committee have had pre-meetings a week prior to the main meeting. This has given members the opportunity to understand better the audit process of the Council and is a feature that will continue.

5. CONSULTATION

5.1 None required

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 Publication of the report will enable the public to gain an insight into the role of the Committee and will ensure that the Committee can continue to progress and develop in the future. The City Council continues to evolve its Audit Committee in line with best practice to provide effective challenge to the governance arrangements adopted.

6.2 Subject to approval by Audit Committee, it is intended to present the report to Council for noting as part of the Committee's annual update in order to demonstrate the work carried out to improve the governance arrangements across the Council.

7. REASON FOR THE RECOMMENDATION

7.1 To seek endorsement from Members that the Committee is delivering against its terms of reference and provided effective challenge to the organisation

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 None

9. IMPLICATIONS

Financial Implications

9.1 None.

Legal Implications

9.2 None

Equalities Implications

9.3 None

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 The Councils Constitution

Chartered Institute of Public Finance and Accountancy (CIPFA)

11. APPENDICES

11.1 Appendix A - Draft Audit Committee Annual Report

**ANNUAL REPORT FROM
THE CHAIRMAN OF AUDIT COMMITTEE
2019 / 2020**

Assurance

Governance

Accountability

Risk Management

Independence

AUDIT COMMITTEE: ANNUAL REPORT 2019 / 2020

INTRODUCTION

MEMBERSHIP AND MEETINGS

KEY ACTIVITIES AND TRAINING DURING THE MUNICIPAL YEAR

PLANS FOR 2020 / 2021

FOREWORD FROM THE CHAIRMAN OF AUDIT COMMITTEE

I am pleased to provide the Audit Committee's Annual Report for the municipal year 2019 / 2020. The Council is requested to note the work carried out by the Audit Committee in improving the governance arrangements across the Council.

The report shows how the Audit Committee has continued to make a positive contribution to the Council's governance and control environments. These cover all aspects, such as internal control; risk management; internal audit; anti-fraud; external audit; and financial reporting.

I would like to take this opportunity to give thanks to Committee Members and Officers for their contribution in supporting the Audit Committee's work during the year and my role as Chairman. Audit Committee Members have supported and challenged officers to ensure our risk, control and governance processes are effective and transparent. Officers have presented well-prepared reports and taken on suggestions to make sure the benefits of this Committee are passed onto our citizens.

Going forward, 2020 / 2021 will be another testing time for all Councils with the resources available becoming more important. How we risk manage our priorities, resources and partnerships will be vital, notwithstanding the risk of fraud. The Audit Committee holds a unique position to challenge and scrutinise the activities of the Council, with the support of Officers and my fellow Councillors, long may this continue.

INTRODUCTION

This is the 12th annual report produced by Peterborough City Council's Audit Committee. It is produced in accordance with latest best practice¹ and shows that the Council is committed to working as an exemplary organisation, operating the highest standards of governance. This report demonstrates how the Audit Committee has successfully fulfilled its terms of reference and has endeavoured to improve the Council's governance and control environments.

The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risks and weakens the control environment, and to oversee the financial reporting process.

The key benefits of an Audit Committee can be seen as:

- Raising greater awareness of the need for internal control and the implementation of both internal and external audit recommendations;
- Increasing public confidence in the objectivity and fairness of financial and other reporting;
- Reinforcing the importance and independence of internal and external audit and similar review processes; and
- Providing additional assurance through a process of independent and objective review.

The Terms of Reference for the Audit Committee can be found at **Annex A** of this report.

This report sets out the work undertaken by the Audit Committee for 2019 / 2020 and specifically highlights those areas where its scrutiny and review process has made a difference to performance. The Audit Committee has overseen good progress in all areas under its supervision.

¹ Best practice as contained in the Chartered Institute of Public Finance and Accountancy (CIPFA) document "A Toolkit for Local Authority Audit Committees"

This is the first year the Audit Committee has held briefing sessions the week prior to the meeting for Members to better understand the role of the Audit Committee. The Committee have held training sessions during the course of the year which has expanded knowledge of the service areas around the Council.

In the forthcoming year I hope that training for Members continues to be a focus, enabling the committee members to best effectively scrutinise the functions of the Council’s audit processes.

MEMBERSHIP AND MEETINGS

During 2019 / 2020, the Audit Committee met on the following dates:

- 15 July 2019
- 16 September 2019
- 18 November 2019
- 27 January 2020
- 23 March 2020 – CANCELLED DUE TO COVID-19

There is a cross representation of all parties in accordance with the make-up of the Council. The members for 2019 / 2020 were (excluding substitutes):

Table 1: Audit Committee Membership 2019 / 2020 as at 23 March 2020:

Conservative	Liberal Democrats	Labour
Over (Chair) Coles (Vice Chair) Warren	Shaheed	Fower Skibsted (to January 2020) Jones (from January 2020) Joseph

Senior officers from the Council are also present, including the Director of Law and Governance, Acting Corporate Director Resources and Chief Internal Auditor. Dependent on the subject matter on the agendas, other officers will attend in addition to external representation from the Councils' External Auditors.

KEY ACTIVITIES AND TRAINING DURING THE MUNICIPAL YEAR

Background

The Audit Committee's terms of reference covers 6 main areas:

- Internal Audit
- Internal Control and Corporate Governance
- Annual Accounts
- Risk management
- External Audit
- Counter Fraud and Irregularities

Internal Audit

2.2.2 Terms of Reference

- 2.2.2.1** To consider the annual report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.
- 2.2.2.2** To consider summaries of specific internal audit reports as requested.
- 2.2.2.3** To consider reports dealing with the management and performance of the providers of internal audit services.
- 2.2.2.4** To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale
- 2.2.2.9** To commission work from internal and external audit.
- 2.2.2.17** To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

15 July 2019

- *Annual Audit Opinion.* Internal Audit produces an Annual Audit Plan which forms the basis of their audit activity. Progress is noted throughout the year and an independent annual report is produced highlighting assurances obtained across the organisation as well as any misgivings into the effectiveness of controls. The report also sets out the teams' performance. Where standards have not been maintained across the Council, Audit Committee are provided with Executive Summaries of Audit reports for further scrutiny. Internal Audit concluded that they were able to provide reasonable assurance based on the work reviewed in the year.
- *Review of Committee effectiveness* – The Audit Committee reviewed its effectiveness over the past 12 months and the key areas that the Committee focused on.

18 November 2019

- *Internal Audit Mid-Year Opinion.* The Audit Committee received a half year progress report highlighting internal audit performance against targets and quality assurance results to enable it to review and comment on the work and performance of internal audit. Any areas reviewed which are considered to be weak or requiring attention following Internal Audit activity can result in officers from across the Council being held to account.
- *Mayors Costs.* The Committee received a report outlining the internal audit undertaken in relation to the Mayors costs and the new processes that had been put in place.

27 January 2020

- *Internal Audit Plan 2019/20 Planning Approach and emerging themes.* The Audit Committee noted the proposed work for internal audit in 2019/20
- *National Fraud Initiatives.* The Audit Committee has remit to oversee the fraud initiatives of the Council and the methods by which the Council claims any overspend.

Internal Control and Corporate Governance

2.2.1 Terms of Reference

- 2.2.2.1** To consider the annual report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.
- 2.2.2.5** To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
Regulatory Framework
- 2.2.2.13** To review any issue referred to it by the Chief Executive or a Director, or any Council body.
- 2.2.2.17** To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

15 July 2019

- *Annual Governance Statement.* The production of the Annual Governance Statement (AGS) forms part of the annual closure of accounts process. It is not a financial exercise, but represents a corporate overview of the processes and procedures adopted by Peterborough to manage its affairs.
- Audit Committee reviewed the Annual Governance Statement on 15 July 2019. The Committee agreed to the final report and this was signed off within the legal timeframes.
- *Use of Consultants.* Following the review of consultants used by the Council in 2010 it was recommended and agreed that Audit Committee would monitor progress. The Committee received an update in July 2019.

16 September 2019

- *Use of Consultants.* Following the review of consultants used by the Council in 2010 it was recommended and agreed that Audit Committee would monitor progress. The Committee received an update in September 2019.

18 November 2019

- *Treasury Management Mid Year Update.* The Committee received an update on the Treasury Management Strategy. The report updated members on the prudential indicators that the Council adhere to when setting the Treasury Management Strategy.
- *Use of Consultants.* Following the review of consultants used by the Council in 2010 it was recommended and agreed that Audit Committee would monitor progress. The Committee received an update in November 2019.

27 January 2020

- *2019/20 Treasury Management Strategy.* The Audit Committee received the Treasury Management Strategy that was to be presented to Full Council in March 2020. The Audit Committee noted and

approved the strategy.

- *2019/20 Asset Management Acquisition Strategy and Asset Investment Plan.* The Audit Committee received a report on the Asset Investment Strategy. The Committee approved the strategy before approval at Full Council in March 2020.
- *Use of Consultants.* Following the review of consultants used by the Council in 2010 it was recommended and agreed that Audit Committee would monitor progress. The Committee received an update in January 2020.

Annual Accounts

2.2.2 Terms of Reference

Accounts

- 2.2.2.18** To review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- 2.2.2.19** To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.

15 July 2019

- *Budget Monitoring Report Final Outturn 2018/19.* The report provides the Audit Committee with the outturn position for both the revenue budget and capital programme for 2018/19. The Committee also noted performance on payment of creditors and collection performance from debtors.
- *Statement of Accounts to those charged with Governance (ISA260).* The Committee considered the robustness of financial processes and the financial standing of an organisation. The Council achieved this through the publication of the draft Statement of Accounts ahead of the statutory deadline, and also through the completion of a successful external audit process. 2017/18 is the first year where the production and audit of the accounts must comply with tighter statutory deadlines introduced by the Accounts and Audit Regulations 2015.

Risk Management

2.2.1 Terms of Reference

Regulatory Framework

- 2.2.1.13** To monitor the effective development and operation of risk management and corporate governance in the council.

15 July 2019

- *Insurance Service and Insurance Fund Annual Report 2018/19.* The Audit Committee received a report presenting the work carried out during the past year to provide an effective insurance function which provides cover for all aspects of the Council whilst minimising the cost.

16 September 2019

- *Risk Management Report.* Audit Committee received a report of the strategic risks impact on the Council and the mitigating actions to address these.

External Audit

2.2.2 Terms of Reference

- 2.2.2.5** To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- 2.2.2.6** To consider specific reports as agreed with the external auditor.
- 2.2.2.7** To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 2.2.2.8** To liaise with the Public Sector Audit Appointments Ltd (PSAA) over the appointment of the council's external auditor.
- 2.2.2.9** To commission work from internal and external audit.

15 July 2019

- *Audit Fees 2019/20.* The Audit Committee considered the proposed Audit Fees for 2019/20. The Audit Committee noted and commented on the proposed fees in keeping with previous years fees.

16 September 2019

- *Ernst & Young Annual Audit Letter for year end 31 March 2019.* The Committee received a report on the annual findings letter of the external auditors.

Counter Fraud & Irregularities

2.2.2 Terms of Reference

Regulatory Framework

- 2.2.2.14** To monitor the effective development and operation of risk management and corporate governance in the council.

15 July 2019

- *Fraud and Investigations Team Annual Report.* Audit Committee received an annual report highlighting counter fraud and irregularity work over the previous year. The Committee's review of the work and performance of the counter fraud team showed strong support and interest and requested to be provided with regular updates in terms of team resources.

Training

Throughout the year, the provision of ongoing training to Members has been the cornerstone of developing

Members (new and existing). During the year, officers provided presentations on:

- The preparation and scrutiny of the Statement of Accounts and the impact of International Financial Reporting Standards on these;
- General overview of the committee covering Information Governance; Regulation of Investigatory Powers Act (RIPA); Risk Management; Code of Conduct; and Whistleblowing.
- Ernst and Young have run conferences for Audit Committee Members across the East of England regions.

In addition, members have access to a committee handbook which provides additional support / information.

FUTURE DEVELOPMENTS AND PLANS FOR 2020 / 2021

Overall, the Audit Committee want to continue to develop and build on our current achievements. For 2020 / 2021 and this will involve:

- Continuing to drive up standards of corporate governance;
- Continuing to equip existing and any new Members to fulfil the Audit Committee's responsibilities by providing or facilitating training on all aspects of the Audit Committee's remit;
- Assisting and supporting officers to promote the work of the Audit Committee and the roles of internal audit, external audit and risk management;
- Supporting the continued production of high quality and compliant statutory accounts;
- Increase training for members of the Audit Committee, ensuring members are best placed to scrutinise effectively the work of the Council and its audit functions;
- Helping to further increase awareness within the Council of its governance arrangements, with particular emphasis on information and tackling fraud and corruption; and
- Providing effective challenge to officers, raising awareness for sound internal control arrangements and giving assurance to the Authority that its control arrangements are sound.

2.2 AUDIT COMMITTEE: TERMS OF REFERENCE²

2.2.2 Terms of Reference

- 2.2.2.1 To consider the annual report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- 2.2.2.2 To consider summaries of specific internal audit reports as requested.
- 2.2.2.3 To consider reports dealing with the management and performance of the providers of internal audit services.
- 2.2.2.4 To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- 2.2.2.5 To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- 2.2.2.6 To consider specific reports as agreed with the external auditor.
- 2.2.2.7 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 2.2.2.8 To liaise with the Public Sector Audit Appointments Ltd (PSAA) over the appointment of the council's external auditor.
- 2.2.2.9 To commission work from internal and external audit.
- 2.2.2.10 To have oversight of the Regulation of Investigatory Powers policy and processes.
- 2.7.2.11 Authority to approve any changes regarding the Council's Whistle-Blowing policy and arrangements.
- 2.2.2.12 To consider reports in relation to the performance of the Council's companies, alongside comments from the Shareholder Cabinet Committee.

Regulatory Framework

- 2.2.2.13 To review any issue referred to it by the Chief Executive or a Director, or any Council body.
- 2.2.2.14 To monitor the effective development and operation of risk management and corporate governance in the council.
- 2.2.2.15 To monitor Council policies on "raising concerns at work" and the anti-fraud and anti-corruption strategy and the Council's complaints process.
- 2.2.2.16 To oversee the production of the authority's Statement on Internal Control and to recommend its adoption.

² (Source: Constitution: Part 3, Delegations Section 2 - Regulatory Committee functions. Approved Annual Council)

2.2.2.17 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

Accounts

2.2.1.18 To review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

2.2.1.19 To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.

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AUDIT COMMITTEE	AGENDA ITEM No. 5
14 SEPTEMBER 2020	PUBLIC REPORT

Report of:	Pete Carpenter, Acting Corporate Director of Resources	
Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Finance	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384 557

ANNUAL REPORT: INVESTIGATING FRAUD 2019 / 2020

R E C O M M E N D A T I O N S	
FROM : Steve Crabtree, Chief Internal Auditor	Deadline date : N / A
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> 1. Receive, consider and endorse the attached annual report on the investigation of fraud during 2019 / 2020. 	

1. ORIGIN OF REPORT

1.1 This report is submitted to Audit Committee as a scheduled report on fraud and irregularity in accordance with the established Work Programme.

2. PURPOSE AND REASON FOR REPORT

2.1 The Terms of Reference for the Audit Committee (agreed at Full Council) set out the key roles of the Committee including the following

2.2.1.15: To monitor council policies on “raising concern at work” and the anti-fraud and anti-corruption strategy and the Council’s complaints process.

2.2 The purpose of this report is to present the work carried out during the past year to minimise the risk of fraud, bribery and corruption occurring in the Council.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet	-
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4. BACKGROUND AND KEY ISSUES

4.1 The public is entitled to expect the Council to conduct its affairs with integrity, honesty and openness and demand the highest standards of conduct from those working for it. In addressing this expectation, the Council has shown its commitment with a dedicated Investigations team which is tasked with reviewing and investigating allegations of fraud and impropriety, breaches in codes of conduct and high level complaints.

4.2 Audit Committee in March 2018 received an update on the strategic approach adopted by the Council in relation to tackling fraud, together with a review of a number of the policies. Best practice checklists and a report from the accountancy professional body, CIPFA, was also attached in relation to fraud. The policies adopted have been regularly refreshed and were last submitted to this Committee in July 2020.

4.3 Throughout the year, works have been undertaken to tackle frauds on Peterborough City Council. These have covered such areas as:

- National Fraud Initiative
- Council Tax single person discounts
- Council Tax support
- Joint working with Department for Works and Pensions
- Blue badge misuse
- Staffing related issues

Many activities have been undertaken during the year to tackle frauds on Peterborough City Council. **Appendix A** provides an overview of the work undertaken during the year, demonstrates the successes in investigating fraud and irregularity across the Council and provides an insight into how the Council will continue to operate, including the latest developments in relation to the National Fraud Initiative.

4.4 At Audit Committee in January 2020, a full report was provided in relation to the National Fraud Initiative.

The National Fraud Initiative continues throughout the year. The current works being:

- Single Person Discount matches. An annual exercise – matches were received just after the above committee. Works continue to verify these data matches.
- Covid Business Grants. In line with government guidelines the Council has made numerous payments to support businesses. Through the National Fraud Initiative, the Council are now able to verify the legitimacy of those payments and look to recover if necessary.
- National Fraud 2020. The full suite of datasets will again be requested in October 2020. Additional datasets this year include National Non Domestic Rates.

Appendix B provides Members with the latest briefing – NFI Matters – which is produced nationally to provide further insight into this.

4.5 In recent months, a revised “Fighting Fraud and Corruption Locally – A Strategy for the 2020’s” has also been produced. This document is designed for local government by local government professionals and builds on our own Strategy. The document is enclosed at **Appendix C** and will be used to update and enhance our own approach.

5. CONSULTATION

5.1 This report has been issued to the Acting Corporate Director of Resources for consideration.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 That the Audit Committee is informed of the measures taken across the organisation to tackle and prevent fraudulent activity. Furthermore, this will assist in the development of future policies and procedures and allow the Committee to support this important function.

7. REASON FOR THE RECOMMENDATION

7.1 To enable the Audit Committee to continue to monitor the Council’s approach to the areas

dealt with by the team

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The option is not to present a report into fraud and the activities undertaken. This could result in a lack of awareness.

9. IMPLICATIONS

Financial Implications

- 9.1 The Council will become more fraud aware and will continue to consider the risks and consequences. Fraud is unacceptable and requires a well thought through approach. The presumption must be about preventing fraud by designing systems to stop it happening in the first place but where it occurs, there should be an equal presumption that its perpetrators will face tough action. This can only serve to increase the standards of conduct across the Council.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1 None

11. APPENDICES

- 11.1 Appendix A: Annual Fraud Report 2019 / 2020
Appendix B: NFI Matters
Appendix C: Fighting Fraud and Corruption Locally, 2020 - 2025

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ANNUAL FRAUD REPORT 2019 / 2020

1...Introduction

- 1.1 The council is committed to providing an effective counter fraud service which is supported by efficient policies and sanctions for those that offend. Combating fraud is the responsibility of everyone in the council and by ensuring that effective measures are in place to prevent, detect, investigate and report fraud we can ensure that public money is spent where it should be, on services for the community.
- 1.2 Failure to investigate fraud will see money leaving the council by way of fraud or error and failure to tackle this effectively could lead to qualified subsidy claims and loss of revenue for the Council. It is therefore important to demonstrate that resources are focussed on fraud reduction and to identify, investigate and rectify administrative weaknesses in order to assure Members and the general public of the quality and integrity of investigations.
- 1.3 Peterborough City Council has policies and procedures in place which provide a framework to counter fraud work, which include:
 - Employee Code of Conduct;
 - Disciplinary Policy;
 - Member's Code of Conduct;
 - Contract Standing Orders and Financial Regulations;
 - Regulation of Investigatory Powers Act and procedures;
 - Whistleblowing Policy;
 - Anti-Bribery Policy; and
 - Various Sanctions and Prosecution Policies.
- 1.4 This report documents the Council's response to fraud during 2019 / 2020, and is presented to the Audit Committee in order to discharge its responsibility, as reflected in its terms of reference '*Council policies on "raising concerns at work" and the anti-fraud and anti-corruption strategy and the council's complaints process*'.

2...National Fraud Initiative 2018 (Bi-annual Exercise)

- 2.1 The National Fraud Initiative (NFI) exercise brings together datasets from across the public and private sectors. The provision of data for the purposes of NFI is a requirement of the Audit Commission Act 1998. The Council provides a range of datasets for matching, on receipt of the results the Council then has the responsibility to follow up and investigate the matches, and identify fraud, overpayment and error. The main NFI data matching is undertaken every 2 years, the results of these matches are fed into a national report at the end of each cycle. The Council submitted data in October 2018 and matches for review were received in early 2019. Distinct datasets are prescribed, for PCC these are Blue Badge Parking Permits; Concessionary Travel Passes; Trade Creditors; Housing Benefits (data provided by DWP); Market Licences; Payroll; Personal Alcohol Licences; Personal Budgets; Residential Parking Permits; Taxi Drivers; and the Waiting List.
- 2.2 Similarly, Electoral Registration and Council Tax data is submitted annually for data matching of Council Tax Single Person Discount and electoral registration data following publication of the Council's new electoral register each December.

2.3 Key outcomes established from the exercise which have impacted on the success of the initiative have been:

- Data quality remains a key issue across the authority to be resolved. A large number of matches highlighted data being held in wrong fields. As part of this exercise we have provided key officers for each dataset with details as to where these changes need to be made to the raw data, reducing future potential multiple erroneous matches and improving the quality of its data records
- Timeliness of records being updated e.g. DWP deceased. All the data is extracted on or around second week of October, inevitably there will be records which have not been amended for any circumstance changes.
- Referrals have been made to other agencies where there are identified links, for example, where matches have found for student loans or housing benefits. Responses remain outstanding. These issues have been taken up with other agencies to resolve these.

OUTPUTS FROM KEY DATASETS	
Blue Badge Parking Permit	<p>134 matches.</p> <p>132 blue badge cases relate to where the recipient has died and the badge could still be in circulation, with the other 2 cases relating to matches where a badge has been issued at two different local authorities. While the Council records have been updated we are awaiting confirmation with the section that administers the scheme to establish whether each permit has been recovered or are in the process of being recovered.</p> <p>For NFI outcomes, if the Permit is cancelled, a notional value of £575 per badge is attributed resulting in an estimated £77,050 in potential future parking income.</p>
Concessionary Travel Pass	<p>Similarly, 589 travel passes relate to where the recipient has died and the travel pass could still be in circulation. Permit records have been updated. For NFI outcomes, if the Pass is cancelled, a notional value of £24 per pass is set aside – potentially a loss of £14,136.</p>
Creditors	<p>Duplicate creditors have been identified through a number of matches. Overwhelming, the majority of the matches can be linked to data quality. For example, the company name may have been misspelt or moved address but are linked by the same bank account. Similarly, a number of recurring quarterly payments have been identified, for example, energy payments. From the exercise, two duplicate payments have been identified totally £1,989-90 which is being recovered.</p>
Housing Benefits (data provided by DWP)	<p>585 matches identify cases who are claiming Housing Benefits and income may not have been declared, such as employment and pension income, student loans or it may be the case that the claimant has died and the benefits may still be being paid.</p> <p>A large percentage of income has been declared and the matches cleared. Where there is a live claim and income not declared, each case is referred through to DWP for investigation. No values of fraud have been provided by DWP to date.</p> <p>Similarly, low risk cases have been sampled.</p>
Market Licences	No matches identified
Payroll	<p>19 matches identify individuals who may be committing employment fraud by failing to work their contracted hours because they are employed elsewhere or are taking long-term sickness absence from one employer and working for another at the</p>

	<p>same time. The criteria for a match are a person having one full time post plus at least one other post elsewhere.</p> <p>All cases have been investigated and no issues identified. Each case relates to an officer who either joined or left PCC during the early part of the year (between local authorities) so that they will appear on each respective Councils payroll.</p>
Personal Alcohol Licences	<p>1 case. This was a match against a potential identity fraud record elsewhere, this could be that the person may be the actual victim of identity fraud rather than a fraudster.</p> <p>We have liaised with the Metropolitan Police and no issues have been found.</p>
Personal Budgets	<p>23 matches identified cases where individuals have died but payments may still be being made or where individuals may have failed to declare pension income that might affect entitlement.</p> <p>No issues have been found.</p>
Residential Parking Permits	<p>11 matches identified cases where a resident parking permit has been matched to deceased records.</p> <p>All permits have been cancelled, there has been a small delay in updating records around the time of the data download.</p>
Taxi Drivers	<p>This case has matched against a potential identity fraud record elsewhere, this could be that the person may be the actual victim of identity fraud rather than a fraudster. We liaised with the Metropolitan Police, no issue for PCC.</p>
Waiting List	<p>387 matches. These were all cases where the applicant has died and not been removed from the list or the individual appears to have registered on the list using two different addresses suggesting possible undisclosed changes in circumstances or that false information has been provided. This could be at addresses within PCC or other Councils.</p> <p>94 records have been removed from the housing waiting list with an estimated notional value (£3,240) as prescribed by the NFI, of £304,560.</p> <p>One of the primary records verified to is the Electoral Roll, this has identified further changes which are being acted upon.</p> <p>We have also noted that the department is migrating to a new housing system. Despite notifying of a number of data errors, it is understood that the data has been transferred including the errors.</p>

2.4 Overall, the levels of fraud identified from this exercise has been on the low side. It suggests that there are appropriate checks already in place to reduce the risk of fraud at source. Therefore, we could provide reasonable assurance that the data matches did not reveal a high level of fraudulent activity.

3...National Fraud Initiative: Council Tax Single Person Discount and Rising To 18

3.1 In order to look at an appropriate response to the inherent risk of fraud / error in this area, various initiatives are undertaken. The Council is reliant on the customer to report any changes in circumstances which would affect their entitlement to an exemption / discount. Council taxpayers are under a duty to report within 21 days if they think they should no longer qualify

for a discount. The Council has in excess of 26,000 households within Peterborough currently receive the 25% discount. While most residents are claiming the discount appropriately, there are likely to be a minority who are attempting to defraud the system. From the National Fraud Initiative (January 2019 download), the following results have been obtained:

Council Tax to Electoral Register	<p>1,784 matches. Matches identify addresses where the householder is claiming a SPD on the basis that they live alone yet the electoral register suggests that there is more than one person in the household aged 18 or over.</p> <p>A total of £61,226-98 has been identified for recovery in relation to 147 cases and steps have been taken by Council Tax to recover.</p> <p>A further £43,320 was cancelled.</p>
Council Tax to rising 18s	<p>The electoral register also includes details of individuals who are approaching their 18th birthday. Unless there is an exemption, for example, a student, then the single person discount would need to be revoked from the date of their birthday.</p> <p>Council Tax have been following up on each case and where appropriate records amended.</p>

3.2 Being an annual data matching exercise, work is now ongoing in relation to the 2020 downloads.

4...Council Tax Support

- 4.1 As of 1 April 2013, Council Tax Benefit ceased to exist and was replaced by Council Tax Support schemes. Benefit fraud will always be a risk faced by local authorities owing to the high volumes of payments and complexities of legislation. There has been a steady decline in the number of investigations over the last four years, due to a number of factors such as better intelligence to stop claims before they are even set up, and this has mirrored a reduction in the size of the team over the same time period. The Council has a dedicated “fraud” hotline. Information is received, recorded and initial sifting takes place. Some information may be malicious and cases are closed while others may have substance and these are referred to the appropriate organisations to investigate. Of the referrals received, following review 124 cases were rejected for investigation or referred for visit.
- 4.2 Council Tax investigation types include – contrived tenancy; undeclared income; living together; non-residency; working and claiming; undeclared non-dependency; or undeclared capital.
- 4.3 In accordance with legislation, we are able to offer a financial penalty arising from the offence as an alternative to prosecution and in addition to the overpayment. This equates to 50% of the overpayment. If this is not accepted, the matter will be referred for prosecution. In some cases, it may be appropriate to offer a caution to the individual as an alternative to prosecution. Again, should this not be accepted, the matter will be referred for prosecution. During 2019 / 2020, **£5,915-45** was identified for recovery. In light of the pandemic, actions to continue with a number of investigations were put on hold in March 2020.
- 4.4 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. We continue to apply the appropriate evidential and public interest tests to matter before deciding to prosecute.

5...Joint Working with Department for Work and Pensions

5.1 From December 2018, a separate initiative has been set up with the DWP whereby intelligence is shared in relation to fraud cases. If there is scope for joint prosecutions for both Council Tax and Housing Benefit fraud then a joint interview is conducted to avoid duplication, only one prosecution or sanction etc. and this is led by the DWP. 15 cases have been identified up to 31 March 2020 for joint interview, with a further 8 cases being closed without the need for an investigation.

6...Other Investigations

6.1 The works of the Investigations team also covers activities in relation to:

- Corporate Complaints (Stage 2)
- Disciplinary (gross misconduct)
- Blue badge misuse
- Internal fraud

6.2 Stage 2 Corporate Complaints

Complaints received against the Council are recorded centrally. Each complaint is expected to be followed up by a Head of Service and the outcomes reported on and issued to the complainant. This could also include a mediation meeting. If there is still dissatisfaction then the complaint is referred through to the Chief Internal Auditor to undertake an independent review within 5 working days. This assessment will then determine, based on all the information provided, if the process has been completed in full. If it has they will be informed of this and unless further mediation is undertaken, they can take the decision to refer through to the Local Government Ombudsman if necessary. However, if as part of the initial assessment gaps are identified, then a full review will be commissioned which is undertaken by the Investigations Team.

STAGE 2 CORPORATE COMPLAINT REFERRALS				
	2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020
Referrals received	20	17	23	16

16 cases were received during the year to 31 March 2020 which were all reviewed with the majority requiring full investigated by the Team. Similarly, no new cases were picked up following the pandemic suspended the complaints process.

6.3 Disciplinary Cases

Cases of alleged disciplinary breaches are conducted by the Investigations Team. All cases are different in their nature, complexity and time needed for these to be completed. 13 such cases were undertaken during the year. Results of these include dismissals, final written warnings, verbal warnings and resignations.

Following a disciplinary hearing, there may be a requirement for additional works and presentations at professional bodies.

6.4 Blue Badge Misuse

Work continues to look into Blue Badge abuse. The majority of referrals are as a result of Enforcement Officers confiscating Badges which they see as being misused. All cases are reviewed which could lead to warning letters being issued or sent for prosecution. Following successful conviction, appropriate publicity is issued internally and externally to raise the profile and to act as a deterrent.

Changes in eligibility criteria for the Blue Badge scheme which came into effect on 30 August 2019 to include individuals with “hidden disabilities” could lead to an increase in potential allegations of abuse.

7...Future Proactive Work

7.1 Fraud is a strain on public finances. The Council will continue to investigate and look to recover monies in all instances. To assist in this, work will continue:

- Publicise all prosecutions to look to act as a deterrent;
- Work with Human Resources in relation to managers remaining vigilant;
- Review our current strategy in line with current national studies;
- Raise awareness across the Council; and
- Further data quality initiatives to reduce anomalies in relation to Covid-19 business grants and any others applied by the Council.

NFI MATTERS

Developing strategies to detect and prevent fraud

**The NFI adapts
to help ensure
COVID-19 support
grant fraud
prevention is
in place**



Inside this issue:

**YOUR TIMETABLE FOR
THE 2020/21 NFI
SUBMISSION PROCESS**

**UNDERSTANDING
CHANGES TO THE NFI
FEE STRUCTURE FOR
THE 2020/21 EXERCISE**

**MAKE YOUR
PREPARATIONS FOR
THIS YEAR'S NFI
EXERCISE EASIER**

**THE IMPORTANCE OF
DATA QUALITY IN
GETTING THE BEST
OUT OF THE NFI**



Welcome to the 5th issue of NFI Matters

Helping to stop fraud as we emerge from the COVID-19 pandemic

The COVID-19 lockdown has created major challenges for many areas of government, and has been especially hard on local councils trying to maintain vital front line services. Some of the government's financial measures put in place, and disbursed through Councils, have provided critical support to the British people at this time. However, distributing these loans and grants means that now, more than ever, Councils need to be increasingly vigilant of those bad actors who might seek to exploit this situation and fraudulently apply for assistance where they are not eligible.

"I'd personally like to take this opportunity to thank you all for the amazing effort of continuing to work on the NFI during these difficult times"

The Cabinet Office NFI Team has worked remotely for a number of years and so thankfully we've been able to continue our work unaffected by the pandemic. We have also been increasing our focus during this crisis on understanding how we can support you better by extending the NFI's remit to help target additional fraud risks in the COVID-19 emergency relief distributed through councils.

I'd personally like to take this opportunity to thank you all for the amazing effort of continuing to work on the NFI during these difficult times, and for continuing to respond to our information requests and calls for feedback or case studies.

This issue of NFI Matters provides some vital information to help make sure you understand how to prepare for the 2020/21 NFI data upload process. There's also some great advice for how to make this process easier for you, and how to get the most out of your matches when they are released early next year.

If you have any questions on this please don't hesitate to get in touch.

ALSO INCLUDED IN THIS ISSUE OF NFI MATTERS ARE:

Some of the main points from a review of the fraud risk scoring we introduced in 2018/19 and a request for your feedback by the end of August 2020.

An outline of COVID-19 business support grant pre and post payment solutions

A summary of the consultation for the 2020/21 work programme and scale of fees.

Remember your input into this newsletter is invaluable, and we always appreciate your feedback, so if you would like us to cover something specific in a future edition or contribute a counter fraud or NFI related article please contact me on 07909 933998 or email yvonne.addison@cabinetoffice.gov.uk

Yvonne Addison

Head of Operational Delivery and Communications, Cabinet Office

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COVID-19 Post payment fraud checks

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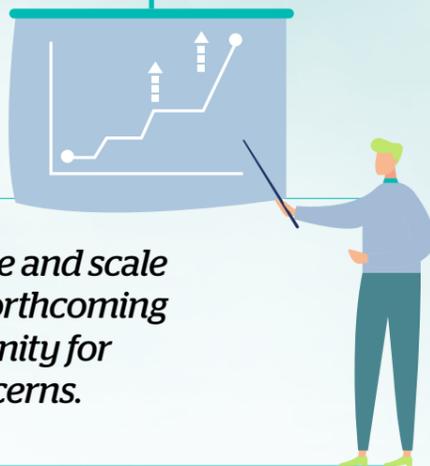
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Mortality Screening for voluntary NFI participants

Events

We are looking to hold some virtual Key Contact training in late summer/early autumn so we will be contacting you soon, if we haven't already, to canvass opinion on which technological solution will work the best.

Understanding Changes to the Work Programme and Fees for the 2020/21 NFI Exercise



In May 2020, we consulted on the proposed work programme and scale of fees, including COVID-19 counter fraud measures, for the forthcoming 2020/21 main NFI exercise. The consultation was an opportunity for participants to ask questions, express opinions and raise concerns.

Our aim is to drive innovation and development as well as overcome administration issues to ensure every exercise can be completed successfully by all parties to continue our fight against fraud.

The National Crime Agency highlights fraud as the most commonly experienced crime, with 3.8 million instances reported in the National Crime Survey of England and Wales in 2019. In the public sector it is estimated that fraud and error costs the government an estimated £31 billion to £53 billion every year and this amount continues to grow.

Fraud is a diverse and evolving crime, the scale of which continues to increase as new fraud areas and more sophisticated fraud techniques are developed. In relation to the Covid-19 pandemic, previous experiences of natural events and worldwide disasters (Hurricane Katrina, Australian Bushfires, Foot & Mouth) show us that the risk of irregular payments is high. Criminals will take advantage in such situations and some of the support packages meant for those in need will go to the wrong places.

It is therefore important that counter fraud activity and initiatives like the NFI evolve at pace to ensure they continue to be effective.

The National Crime Agency highlights

fraud

as the most commonly experienced crime, with

3.8 MILLION

instances reported

In the public sector it is estimated that fraud and error costs the government an estimated

£31-£51

BILLI[£]ON every year



What will be changing in the 2020/2021 NFI exercise?



Personal alcohol licence and market trader data will be optional and not mandatory. Optional matching can take place through ReCheck, AppCheck or FraudHub.



We have mandated the participation of Combined Authorities.



We have mandated Business Rates and COVID-19 grants/payments as part of the COVID-19 response but we will not be levying any additional charges.



We have changed the methodology applied to the fee scale for the NFI 2020/21 exercise. This will now be calculated on two factors:

1. The number of mandatory datasets submitted to the NFI by each participating organisation;
- and
2. The number of NFI data matches risk assessed as 'high risk'.



We have introduced penalty charges in relation to participants who fail to comply with data submission requirements. Full details of the criteria will be issued by 31st August 2020.



The full consultation response can be found on our GOV.UK page: <https://www.gov.uk/government/consultations/national-fraud-initiative-2020-to-2021-programme-and-fees>





Risk Scoring Review *findings so far and request for your input*

Please can we have your feedback before the end of August!

40

We have been reviewing the effectiveness of the risk scoring functionality in the NFI web application, specifically looking at how risks scores correlate to outcomes and the extent to which it aided the prioritisation of matches for review and investigation.

So far our findings have determined that while the current implementation assists users, there is scope for further enhancement to both more accurately reflect risk and to signpost high risk matches more effectively.

It is apparent that risk scoring has been more effective in some areas than others and we are now completing a detailed analysis of where the scoring worked best.

We want to reach out to you to ensure both the risk score methodology provides you with additional insight and the presentation is as user friendly as possible.



Get involved...

We are aiming to complete the review by the end of September 2020. If you have any comments/suggestions, or are keen to get involved we'd welcome your input.

Please get in touch before the end of August 2020 via the nfiquiries@cabinetoffice.gov.uk marked 'FAO Dom Winsor - risk scoring review'.



COVID-19 Post payment fraud checks

The Covid-19 pandemic led to the government quickly implementing expansive stimulus packages to support individuals and businesses through this period. Criminals take advantage in such situations and it is inevitable that some of the support will go to the wrong place. It is not possible to stop all fraud and irregular payments, but scrutinising the payments and the recipient, can help to reduce the loss overall. There has been limited time to put robust up-front controls in place due to the unprecedented need for speed in the distribution of funds.

Many local councils did recognise the risks in the COVID-19 support measures such as Business Support Grants, and took action from the outset. Some collected data for up-front checks, post assurance work and to assist in the claw back of incorrectly paid funding. It is particularly important that there should be robust and thorough post event assurance work.

Following the consultation on the 2020/21 work programme and scale of fees, that confirmed support for the NFI extension to target fraud and error in the COVID-19 emergency support, we are initially focusing on fraud and irregular business support grant payments. We launched the NFI/Experian solution in May that enabled councils to elect to check if companies were active and bank account details valid, and we are now piloting a solution with a view to a mandatory check of all business support grants issued.

INSIGHT...



from NFI team member Susan Baker, a Key Contact in a previous role

I've recently joined the NFI Team from DWP's Fraud, Error and Debt Programme. I worked on implementing the Single Fraud Investigation Service and then Joint Working so I spent a lot of time engaging with local authority colleagues. Prior to that I was an Investigation and Audit Manager in a local authority.

The opportunity to join the NFI team was very exciting as I have experience of being an NFI Key Contact and co-ordinating the regular NFI exercises as well as a more recent understanding of the difficulties in funding and stretched resources of Councils.

"I am really looking forward to working with local authority colleagues again and I hope I will be able to use my experience to help with planning and approaches to addressing the NFI matches."

There is a great opportunity to use the NFI matches to help achieve objectives to identify fraud and error. NFI activity can form part of a planned audit programme of work and contribute to the Section 151 responsibilities to demonstrate proactive identification of fraud.

The NFI team have been planning for the 2020/21 exercise for some time now as well as working on proposals for new pilots. We are always interested in new ideas.

I am really looking forward to working with local authority colleagues again and I hope I will be able to use my experience to help with planning and approaches to addressing the NFI matches. With the new 2020/21 NFI exercise fast approaching it will be great to get out and meet some of you in the not too distant future and we are planning some workshops for early next year. In the meantime if anyone thinks a chat would be useful then I am happy for you to drop me a line.

Susan Baker
susan.baker@cabinetoffice.gov.uk

Key Messages from the 2020 NFI national report

The 2020 NFI national report covering the period 1st April 2018 to 4th April 2020 was published on 15th July 2020

The full report including case studies that demonstrate the valuable work you have achieved, can be downloaded from our GOV.UK page: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901954/National_Fraud_Initiative_report_July_2020.pdf

Select the links below to read the equivalent reports for Northern Ireland and Scotland:
Northern Ireland - www.niauditoffice.gov.uk/publications/national-fraud-initiative-northern-ireland
Scotland - www.audit-scotland.gov.uk/report/the-national-fraud-initiative-in-scotland-201819
 The report on the NFI in Wales will be available later in the year.

For the period
1st April 2018 to
4th April 2020 a total of
**£245
MILLION**
 in fraud, overpayments
and error has been
detected and prevented
across the UK

This brings
cumulative outcomes
for NFI participants to
**£1.93
BILLION**

The main categories of fraud identified by the NFI across the UK relate to:

£59m

of pension fraud and overpayments

£53m

of fraudulent, or wrongly received, council tax single person discount

£39m

of housing benefit fraud and overpayment

The exercise also produced the following significant results across the UK:

6,396
false applications were removed from housing waiting lists

105
social housing properties recovered

53,811
blue badges were cancelled

153,297
concessionary travel passes were cancelled

338
cases where payments to a care home had continued after the death of the resident

44,453
Number of incorrect claims for council tax single person discount

2,998
cases where council tax reduction had been claimed incorrectly

AppCheck – Stop fraud at the door using the NFI fraud prevention and application verification solution



Throughout the year and specifically in response to COVID-19, AppCheck has seen increased usage throughout the UK. AppCheck is designed to allow users to quickly ascertain if there are any factors affecting the eligibility of an individual to benefits and services and/or check identity.

AppCheck ensures that all applications are vetted, helping to provide your organisation with an effective fraud prevention process. The real time functionality will return a match or clear reports within seconds of an application search being made. This makes the product ideal for use within both call centres or by frontline staff.

AppCheck is an online service delivered by a secure web application. There is a hierarchical user structure to control access and monitor searches that have been conducted within your organisation.



Reduce the risk of your organisation falling victim to fraud by stopping invalid or fraudulent claims at the point of application



Reduce administration and future investigation costs by managing the risk of getting it wrong at application.



Reduce or stop the provision of invalid or fraudulent payments



Pre-employment checks

AppCheck provides built-in risk flags and intelligent colour coding to make it easier to identify genuine applications or prioritise referrals for further investigation. Key data sources are brought together into one system for ease of use, including the ability to run a further check against Credit Reference Agency (CRA) data.

This software can be used by multiple teams within your organisation at the same time to ensure your whole organisation is covered.

For more details about how AppCheck works and how it could help you to save time, resource and reduce fraud even further in your organisation, watch the training video on the NFI web application (Help & Support>Training Videos>AppCheck).

Getting started is quicker and easier than you think...

...and if you have not already done so we are still offering a **FREE TRIAL** of the service.

Please email: helpdesk@nfi.gov.uk
or call **0845 345 8019**



AppCheck

STOPPING FRAUD AT THE POINT OF APPLICATION TO REDUCE YOUR LOSSES

AppCheck allows you to identify potential fraudulent or erroneous applications before they can enter your system. Helping to protect your budgets and minimise the costs of fraud and error.

Every application you receive carries a risk that the person has failed to declare all of the relevant information and as a result they receive a benefit, service or employment they are not entitled to. AppCheck provides a real-time authentication process across your organisation as a whole. This minimises the costly investigations that would have followed once a fraud is detected.

Contact us today

Tel:
0845 345 8019

or Email:
helpdesk@nfi.gov.uk

to set up a free trial of AppCheck and discover how it could help to reduce your exposure to the risk of fraud.

Timetable for the 2020/21 NFI Exercise for Key Contacts

Are you on track for the next NFI exercise?

Use this timetable to make sure you have everything in place or have received all the necessary information to meet the deadline for submissions.

The NFI COVID-19 work will operate on different timetables, which we will be working with stakeholders to agree and these will be communicated in due course.

Jul

DEADLINE
By Friday 31st July 2020

An email containing a link to the NFI 2020/21 instructions on the NFI GOV.UK web page will have been sent to Senior Responsible Officers and Key Contacts. Make sure you locate the email and read the 2020/21 instructions as there may be some new information.

Aug

DEADLINE
Between Wednesday 5th August and Friday 28th August 2020

Key Contacts will log in to the web application 2020/21 Data File Upload (DFU) and check the list of expected datasets is accurate and advise us of any changes to the list by Friday 28th August 2020.

Sep

DEADLINE
By Friday 11th September 2020

Key Contacts should ensure the person responsible for uploading data has a user account on the web application.

DEADLINE
By Friday 25th September 2020

Key Contacts should ensure the privacy notice compliance declaration is completed.

Oct - Dec

DEADLINE
As soon as possible after Friday 9th October 2020 until Tuesday 1st December 2020 at the latest*

Key Contacts should ensure that data is extracted from systems as at 30th September 2020 (unless otherwise stated in the data specification) and uploaded to the web application 2020/21 DFU as soon as quality checks have been completed.

*Data that is not received by close of business on Tuesday 1st December 2020 may be classed as officially late and a failure to fully meet your statutory duty under Part 6 of the Local Audit and Accountability Act 2014 (England), Part 2A of the Public Finance and Accountability (Scotland) Act 2000, Part 3A of the Public Audit (Wales) Act 2004, Articles 4A to 4G of the Audit and Accountability (Northern Ireland) Order 2003.

Jan

DEADLINE
By Thursday 28th January 2021

Key Contacts should ensure user accounts are set up on the web application for those in their organisation responsible for reviewing matches.

From Thursday 28th January 2021

An email will be sent to Senior Responsible Officers and Key Contacts informing them that the matches are available.

Top Tip

Use these circle markers to tick off an exercise that you have completed that way you can keep on top of what needs to be done.



KEEP READING!

In the next few articles we'll be giving you some helpful top tips on how to successfully and easily upload your NFI data.



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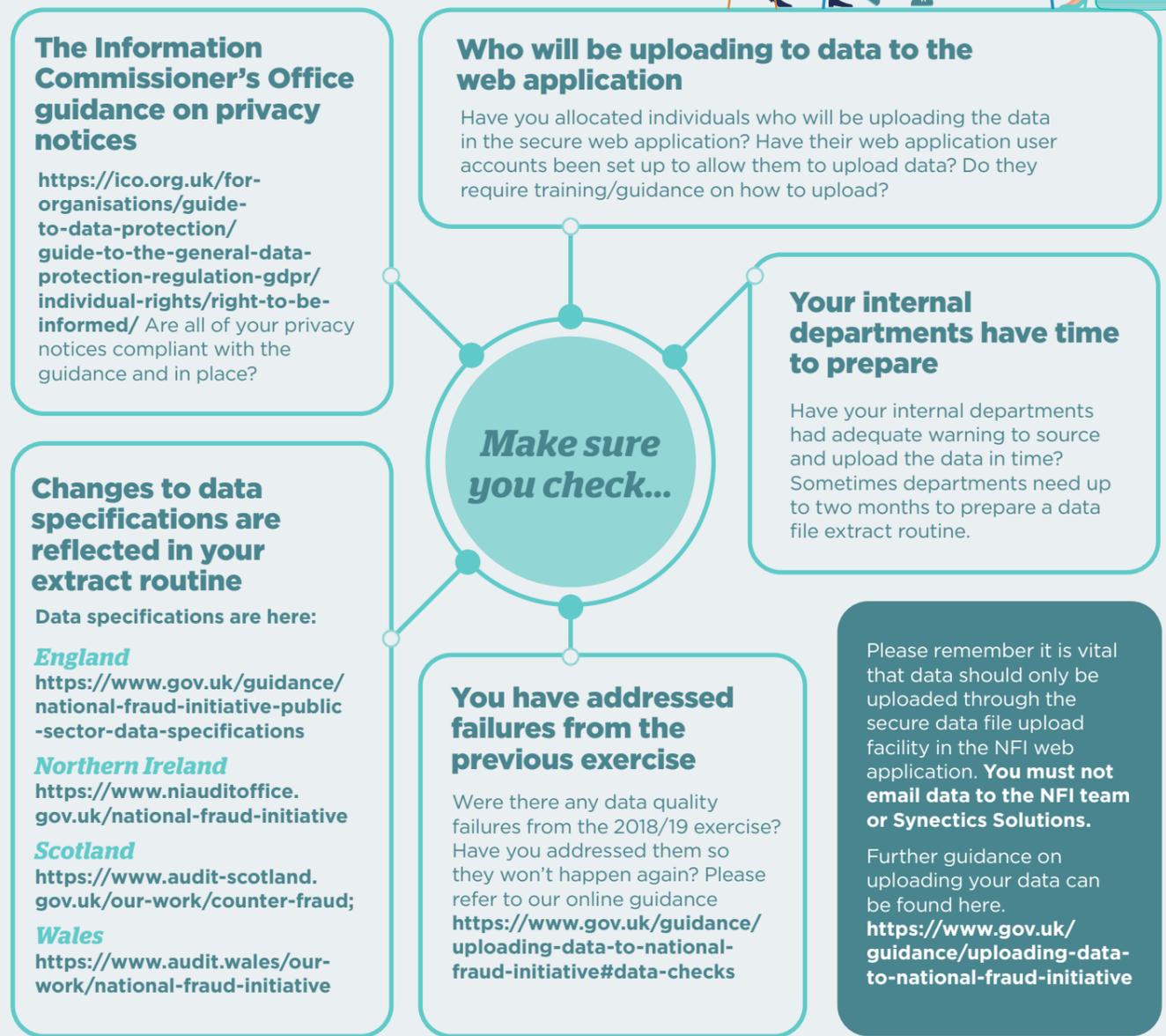
We're here to help...

There's lots of guidance to help you understand what you need to do, and how to go about it, when preparing your data submissions.

Below is some useful advice, and some links with extra information, to help make sure you're set up for success when it comes to preparing for the NFI exercise.



Understanding your obligations and preparing your team



How to successfully and easily upload your NFI data

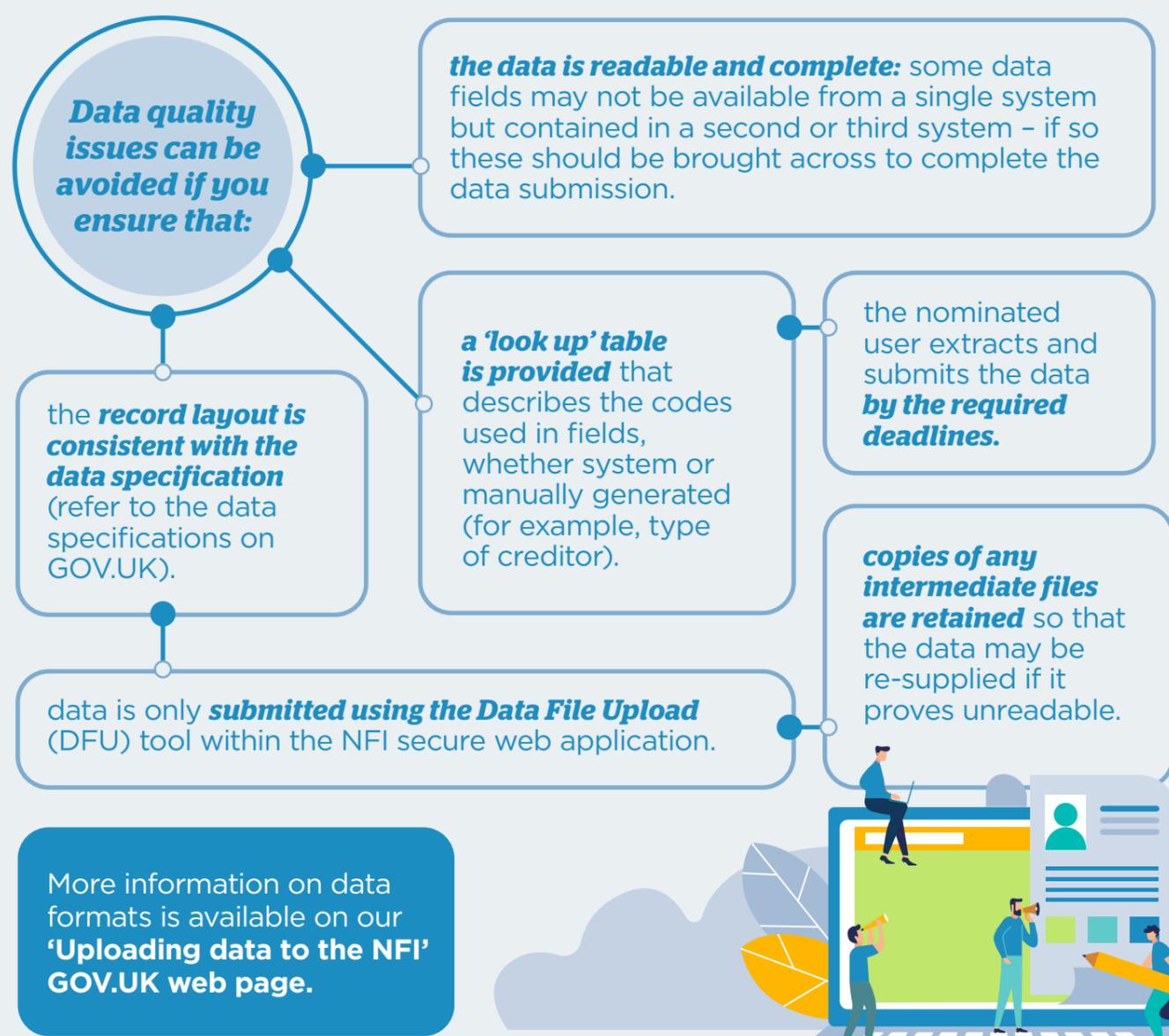
The NFI receives 8,000 datasets from over 1,200 participant organisations from across the public and private sectors. It is paramount that all data is extracted from systems on or as close as possible to the data extraction date. The specified date for the 2020/21 exercise is 30th September 2020. This helps to minimise timing differences between data sets that can lead to false positives such as showing a person at two addresses when in fact they had moved properties and there is no issue.

8,000 datasets equates to over 3 million records of data.

We have provided a document under Help within the web application that contains all of the data upload checklists that are presented on screen during upload. You will need to have it available when uploading data for the NFI National exercise.

The datasets come from organisations in England, Wales, Northern Ireland and Scotland. This will eventually produce around 4 million matches.

Your data will be processed and checked by our IT partner, Synectics Solutions Limited within a short time of it being received and they may contact you if there are any data quality issues in order they may be resolved quickly.



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The importance of **data quality** in getting the best out of the NFI

"We are continually asked to improve the timeliness of the NFI match release, but one of the main barriers to doing this is the timely and accurate submission of data..."

The NFI team always aims to provide the best quality matches to ensure your valuable investigative resources are used efficiently.

The quality of the matches depends on the matching methods adopted, but just as important is the data provided by you.

We have strived to improve data quality over the years by setting thresholds for certain fields across the datasets to ensure we achieve good data quality.

During April and May and again in July 2020 we contacted some of you affected by possible data quality issues to identify possible instances where there may be scope for data quality to be improved. Despite a good level of responses we have not received feedback from all those with issues and this is likely due to increasing pressures on resources during the COVID-19 pandemic.

We are continually asked to improve the timeliness of the NFI match release, but one of the main barriers to doing this is the timely and accurate submission of data. You may not realise that, although data submissions are requested by early October we have to keep the database open until the beginning of December to get the maximum amount of data included.

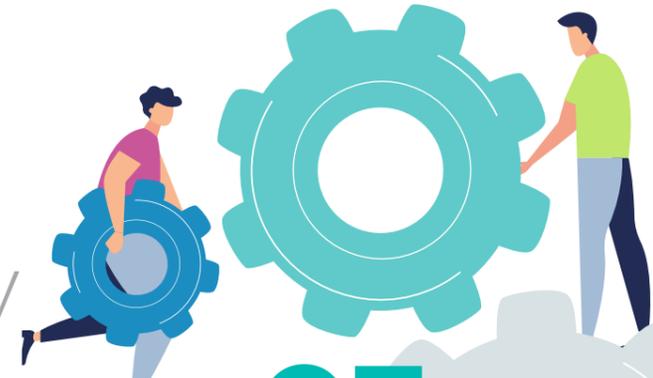
A considerable amount of resources goes into following up on late data and requesting resubmissions of poor quality data.

Not being able to include all the data in the initial data matching inconveniences participants who do submit data on time as they do not receive their matches in a timely manner. Our IT contractors also have to go through the match release process multiple times for minimal amounts of data taking precious resources.

We would advise you to refer to the article on page 5 for details about the penalty charges in relation to participants who fail to comply with data submission requirements as determined by the Cabinet Office. We will be publishing clear criteria and a timetable well in advance of the data submission deadline so that you can make preparations.

We will continue to engage with you in the coming months up to the data upload deadline date of **9th October 2020**.

Looking ahead to match release How to work with the NFI effectively



Let's celebrate success together

The success of the NFI is thanks to the hard work of participants like you, and we're always looking for opportunities to showcase best practice, and highlight interesting cases.

Sharing case studies in this way not only allows us to celebrate your success but also provides really useful insight for others on how they may be able to replicate what you did to help themselves improve how they use the NFI matches.

If you discover anything during your investigations that you think would make an interesting case study please get in touch with us and we can work with you and your communications team to get the appropriate sign off.

Your case study could be used in training, marketing or as part of future reports and your organisations' identity can be protected should you wish to remain anonymous.



Email your ideas
to nfiqueries@cabinetoffice.gov.uk
or
select the interesting cases checkbox at match-level.



“Alone we can do so little;
together we can do so much.”
– Helen Keller

FraudHub provides a unique opportunity for councils, and other linked organisations, to come together in a geographic area to submit data for matching to identify potential fraud. FraudHub is an end to end solution and is supported by a team that can provide training, expert advice and ongoing operational support:

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- + A ready to use and easy to install system
- + Intra organisational data sharing
- + Data matching and filtering
- + Increased automation allowing efficiencies to manage caseload volumes
- + Exception reporting and automated alerts to all hub members notifying suspicious or high risk events
- + Advanced analytics
- + Robust evidence to prosecute fraud and reduce error
- + Suite of easy to use intelligence reports
- + Integration of new and emerging data set and risk areas

FraudHub can help Counter Fraud teams stay one step ahead, providing the power to check for fraud or verify an individual's right to benefits and services at the press of a button.

Share data and resources with neighbouring organisations which have the same needs and aims as you – on a single, simple to use and permanently accessible platform.

There is a video available that sets out the benefits of using FraudHub.

<https://www.synectics-solutions.com/platform/app-store/fraudhub>

WATCH THE VIDEO

More information...

Please email: helpdesk@nfi.gov.uk



FraudHub

BUILD A TAILOR-MADE COMMUNITY TO COLLABORATE AND PREVENT MORE FRAUD

FraudHub enables organisations to come together within a geographical area to share intelligence and insight to help identify and stop potential fraud.

FraudHub provides local authorities and other public sector organisations with the opportunity to work together. It can screen a wide selection of data to detect or prevent fraud or errors when processing payments or providing benefits.

Contact us today

Tel:
0845 345 8019

or Email:
helpdesk@nfi.gov.uk

to find out more about how you could build your own fraud prevention community specific to your location.

Connecting concessionary pass checks with single person discount achieves results for Milton Keynes Council



milton keynes council

Milton Keynes Council's Fraud team uncovered council tax fraud through an innovative analysis of 2018/19 NFI data matches. A review of the concessionary travel to DWP deceased persons data matches resulted in 404 travel cards being cancelled – representing an estimated saving of £9,696, based on Cabinet Office figures.

As part of these checks, the Fraud Officer proactively compared the NFI data against council tax records to determine whether the deceased individuals had been previously disclosed as occupants of the properties stated in the match.

In one instance, a householder had consistently informed the council that they were the sole occupant of a property and as a result had received a 25% Single Person Discount since 1993. However, another person was identified at the property by comparing a matched person's Concessionary Travel Pass application with their death certificate.

This provided sufficient evidence that there had been no eligibility for a Single Person Discount. As a result, the Council Tax team contacted the householder, who made an immediate repayment of the full value of the discount, more than £5,500.



Mortality Screening for voluntary NFI participants

The NFI receives two weekly refreshes of the Deceased Death Register from the General Registrar (DDRI) and six monthly access to the DWP Deceased Persons file.



ReCheck - On demand DDRI

We are in the unique position to have access to refreshes of the Deceased Death Register Information (DDRI) from the General Registrar. This screening can be done by you at any time and results are usually available on the web application the same day.

National Exercise - DWP screening every six months

Twice a year we access the deceased persons file held by the DWP. This data also contains National Insurance numbers which can be used as a matching field alongside name, date of birth and address. The data also holds details of some British Citizens who have died abroad and this has proven very successful particularly when administering pensions.

Dates to remember:

9th October 2020

MANDATORY PARTICIPANTS:

Data submitted by the deadline date will be matched automatically in December 2020 as part of the 2020/21 National exercise.

27th November 2020

VOLUNTARY PARTICIPANTS:

If you wish to submit data for the December 2020 screening please email helpdesk@nfi.gov.uk or call **0845 345 8019** to register. Data from voluntary participants will be required no later than 27th November 2020.

For general queries relating to the web application contact:

Call: **0845 345 8019**

Email: helpdesk@nfi.gov.uk

For technical queries contact:

England: nfiqueries@cabinetoffice.gov.uk

Scotland: acairns@audit-scotland.gov.uk

Wales: david.rees@audit.wales

Northern Ireland: nficoordinator@niauditoffice.gov.uk

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Fighting Fraud and Corruption Locally

A strategy for the 2020s

A response to economic crime and fraud



With support from:



This is the third Fighting Fraud and Corruption Locally Strategy, produced by local government for local government.

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Foreword

— Richard Watts



Since the first strategy was produced in 2011 councils have faced significant financial challenges. Councils have innovated, collaborated and prioritised in order to meet the financial challenge and to protect front line services. Tackling the threat of fraud and corruption has been and continues to be a cornerstone of protecting council finances and enabling them to maximise the value of every pound spent on behalf of local residents.

Every pound siphoned off by a fraudster is a pound that cannot be spent on services where they are needed. Councils need to be vigilant. Councils have a good record in countering fraud and the strategy contains numerous case studies and examples of successes.

As the strategy highlights, it is estimated that about one in three of all crimes committed nationally is fraud based and fraudsters are always seeking new ways to take money. The strategy also highlights that potential losses to fraud could run into hundreds of millions or even billions of pounds if preventative action is not

taken. Councils need to be agile and work together with national agencies and the Government to respond to new fraud threats, to prevent losses and to protect vulnerable people in our society. Collaboration to counter and prevent fraud is a theme running through the strategy.

The Fighting Fraud and Corruption Locally Strategy is an excellent example of how councils can come together for the overall benefit of local services and residents served. The strategy has been led by the Fighting Fraud and Corruption Locally Board. This Board has been described as “a coalition of the willing”. It is a group of senior multi-disciplinary experts from councils working together with partners, that work with the councils on counter fraud activities. The Board is currently chaired by a representative from the Society of Local Authority Chief Executives (SOLACE). The Board members and the organisations they come from all provide their expertise on a pro bono basis, for the benefit of the sector and to help counter fraud. The board is supported by the LGA. In carrying out the research to draft this new strategy, the board has run several workshops up and down the country that have been attended by representatives from more than 250 councils. The work of all these people is reflected in the strategy and our thanks are due to all of them.

The strategy outlines, outlines a governance framework for continuing national and regional collaboration on counter fraud under the Fighting Fraud and Corruption Locally umbrella. Section four of the strategy outlines a practical programme and checklist for individual councils to follow.

I am happy to endorse this strategy on behalf of the LGA and welcome it as an opportunity for councils to review and further improve their counter fraud work in the 2020s.

Cllr Richard Watts
Chair Resources Board, Local
Government Association
Leader Islington Council

Foreword

— Mike Haley



As the Chair of the Joint Fraud Taskforce I am delighted to support The Fighting Fraud and Corruption Locally 2020 strategy at a time when incidences of fraud and corruption are rising and there is an identified need for councils and their leaders to adopt a robust response.

Having worked as a fraud investigator I understand the importance of collaborative working and of having a structure and framework that guides and governs counter fraud and associated corruption activities.

Through working together and applying the principles of this strategy I am convinced that, perhaps for the first time, we have a model for true collaboration that is so important in identifying fraudsters, often organised groups, who seek to undermine and take financial advantage of systemic vulnerabilities and abuse those citizens in our community who are in themselves vulnerable.

I recognise the challenge that we all face in having to balance demands on resource across essential services at a time when funding is constrained. However, I also recognise the important role that local authorities and their frontline services play in tackling fraud and corruption that are a drain on those resources. Savings through enforcement and bringing fraudsters to justice can be used to support our social services and can build stronger and safer communities.

I am convinced that this strategy is an important step in tackling fraud and corruption that is so corrosive to society. In my role as Chair of the Joint Fraud Taskforce I welcome my local authority colleagues. By working together, I am convinced that we can deliver a step change in tackling fraud.

Mike Haley

Chair of the Joint Fraud Taskforce

The Joint Fraud Taskforce is a partnership between banks, law enforcement and government to deal with economic crime.

Executive Summary

Fighting Fraud and Corruption Locally 2020 is the updated counter fraud and corruption strategy for local government. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top.

By using this strategy local authorities will:

- *develop and maintain a culture in which fraud and corruption are unacceptable*
- *understand the harm that fraud can do in the community*
- *understand their fraud risk*
- *prevent fraud more effectively*
- *use technology to improve their response*
- *share information and resources more effectively*
- *better detect fraud loss*
- *bring fraudsters to account more quickly and efficiently*
- *improve the recovery of losses*
- *protect those at risk.*

This strategy is aimed at council leaders, chief executives, finance directors and all those charged with governance in local authorities including those on audit committees and with portfolio responsibility. It is produced as part of the Fighting Fraud and Corruption Locally initiative, a partnership between local authorities and key stakeholders, and succeeds the previous strategies written in 2011 and 2016. It is not 'owned' by any one organisation but by the local authorities who have given time and support to develop it. Areas of focus for elected members, chief executives and those charged with governance are laid out in Section 4: The Local Response.

This partnership has been so successful it has existed since 2010 when the research and engagement first began.

Local authorities continue to face a significant fraud challenge and while the official figures are dated the argument about protecting funds and vulnerable people remains. The National Fraud Authority estimated local authorities face the threat of £2.1bn fraud in a year in 2013. In fact, the Annual Fraud Indicator produced by Crowe Clark Whitehill estimates that figure may be as high as £7.8bn in 2017, out of a total of £40.4bn for the public sector as a whole. The Government's Economic Crime Plan states that the numbers of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

Every £1 that a local authority loses to fraud is £1 that it cannot spend on supporting the community. Fraud and corruption are a drain on local authority resources and can lead to reputational damage and the repercussions maybe far reaching.

Fraudsters are constantly revising and sharpening their techniques and local authorities need to do the same. There is a clear need for a tough stance supported by elected members, chief executives and those charged with governance. This includes tackling cross-boundary and organised fraud and corruption attempts, as well as addressing new risks such as social care fraud and cyber issues.

In addition to the scale of losses and potential losses, there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes. Local authorities report that they are still encountering barriers to tackling fraud effectively, including lack of incentives, data sharing, information sharing and powers, but also that they require support from senior stakeholders and those in charge of governance.

These factors do present challenges. However, this strategy demonstrates the tenacity of local fraud teams in continuing to lead on innovation and collaborate and also that there is a network of local leaders willing to support this initiative. This strategy, then, is about creating a self-sustaining counter fraud response for the sector.

Review of 2016 Fighting Fraud and Corruption Locally Strategy

The previous two strategies focused upon pillars of activity that summarised the areas local authorities should concentrate efforts on. These were 'acknowledge', 'prevent' and 'pursue'.

These pillars are still applicable. During the research for this strategy they were supported as key areas by those who have input. However, another two areas of activity have emerged that underpin tenets of those pillars. These are 'govern' and 'protect'.

The pillar of 'govern' sits before 'acknowledge'. It is about ensuring the tone from the top and should be included in local counter fraud strategies.

Govern

Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.

Acknowledge

Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

Prevent

Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Pursue

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.

Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat and protect themselves and the community.

The second new area that has appeared during the research recognises the increased risks to victims and the local community:

Protect

Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cybercrime and also protecting itself from future frauds.



 **PROTECTING ITSELF AND ITS RESIDENTS**
*Recognising the harm that fraud can cause in the community.
 Protecting itself and its' residents from fraud.*

This strategy and its tools provide ways for local authorities to further develop and enhance their counter fraud response by ensuring that it is comprehensive and effective and by focusing on the key changes that will make the most difference.

Local authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against each of the six themes – the six Cs – that emerged from the 2016 research:

- Culture
- Capability
- Competence
- Capacity
- Communication
- Collaboration

Many local authorities have demonstrated that they can innovate to tackle fraud and can collaborate effectively to meet the challenges. Indeed, many have identified that a reduction in fraud can be a source of sizeable savings. There are case studies and quotes through this document evidencing the good work that is already happening.

This strategy

- *recognises that fraud is not a victimless crime and seeks to protect the vulnerable from the harm that fraud can cause in the community*
- *calls upon senior management in local authorities to demonstrate that they are committed to tackling fraud and corruption*
- *calls upon local authorities to continue to tackle fraud with the dedication they have shown so far and to step up the fight against fraud in a challenging and rapidly changing environment*
- *calls upon local authorities to work together to illustrate the benefits that can accrue from fighting fraud more effectively*
- *calls upon senior stakeholders to listen to the business cases on barriers put by local authorities in order to promote counter fraud activity in local authorities by ensuring the right further financial incentives are in place and helping them break down barriers such as a lack of powers.*

Case Study

Birmingham City Council: Acknowledge Using data to tackle fraud

In the original Fighting Fraud Locally 2011 Birmingham City Council was cited as good practice for setting up a data warehouse and protecting public funds. BCC continues to put fraud at the top of the agenda.

BCC has used a well-established, sophisticated data warehouse to develop an automated programme of data matching that allows potential fraud and error to be detected within 24 hours. This has been particularly effective in identifying fraudulent claims for council tax single person discounts and fraudulent housing applications. In time BCC expects the process to reduce the amount of fraud or error requiring a formal investigation as it will have been prevented or stopped almost as soon as it began. As a result, services that are being provided incorrectly can be stopped quickly, thus helping to preserve resources and reduce the level of fraud and error.

“Local authorities must ensure they take the necessary steps to put in place a strategy which can deliver a response that protects itself and its residents. Councils need to commit adequate resources to support that work and also measure its progress against that strategy. Fighting Fraud and Corruption Locally provides the necessary tools and ideas to support that work.”

Trevor Scott, Chief Executive Wealden District Council

Introduction

This strategy document is aimed primarily at council leaders and other elected members, chief executives, finance directors and those charged with governance in local authorities.

As a result of lessons learned during previous incarnations this document contains the core strategy together with companion documents which provide more detailed guidance on its implementation which will be updated when necessary during the life of this strategy. In that way there will be live documents for practitioners to draw upon that will more readily reflect the ever changing fraud local landscape.

We recognise that pulling together practitioners and stakeholders to discuss these issues is a local authority exercise and detracts from day-to-day activity where there are limited resources in place. Therefore this strategy will cover from 2020 onwards supported by live companion documents.

The research for this strategy was carried out by local practitioners and board members.

The research was commissioned by the board and was coordinated by the secretariat.

The research consisted of:



The original Fighting Fraud Locally 2011 strategy was launched with a series of pilots and joint working, conferences and awards and was hugely successful. The workshops highlighted much work being done in local authorities that is commendable and can prevent fraud across boundaries. Therefore, as part of these fact-finding engagement exercises those that attended workshops were asked to offer activity to demonstrate the partnership as part of FFCL. Around 30 activities and events have been identified for 2020 that demonstrate some of the good practice found during the research for this document and show that local authorities continue to tackle fraud and corruption. It is intended that these examples will be used to kick-start momentum in the way that the 2011 strategy did. In addition a number of working groups have formed already to implement the recommendations.

The activity following the publication of FFCL 2016 was more limited. There was no formal local launch and limited board activity. Therefore some of the issues raised during that research still persist. Efforts have been made to redress this during the research for this strategy by setting in place activity to address those persistent issues.

Nevertheless it is clear that local authorities continue to tackle fraud, as evidenced in this strategy's case studies and by the appetite to take forward the issues raised during the research and in the good practice guides.

Several new areas were raised during the research as barriers to overcome and local authorities have already stepped up to join together to help tackle these barriers. As part of the engagement exercise working groups and local authorities are already in place to begin the work on these issues.

This document is divided into four sections:

Section 1

The Context

Sets out the nature and the scale of fraud losses, the argument for measurement and the key issues raised by stakeholders.

Section 2

The Strategic Response

Describes the response that is required from local authorities to address the challenges they are facing, identifying the activities necessary in order to achieve the strategic vision.

Section 3

Turning Strategy into Action – Delivery Plan

Sets out the recommendations and the framework for delivery.

Section 4

The Local Response – Appendices

Companion Annexes

The live companions to this strategy document set out more information on how local authorities can ensure that their counter fraud response is comprehensive and effective. These documents may be refreshed at any time during the life of the strategy. They are not part of the strategy but are further guidance that is changeable. Areas they cover include fraud risks, good practice and the counter fraud local landscape.

Section 1: The Context

a) The scale of fraud and corruption

It is accepted that fraud affects the UK across all sectors and causes significant harm.

The Office for National Statistics states that one in 16 members of the population is likely to fall victims. The Government's Economic Crime Plan 2019 states that the number of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

The last, most reliable and comprehensive set of local authority figures was published by the National Fraud Authority in 2013, and indicates that the fraud threat may have been costing the UK £52bn a year.

Within these figures the threat to local authorities totalled £2.1bn.

More recent estimates are higher. The Annual Fraud Indicator produced by Crowe Clark Whitehill estimated that figure may be as high as £7.8bn in 2017 of which procurement fraud was estimated as £4.3bn. This study estimated that the total threat faced by the public sector was £40.4bn.

“We do not have a wholly reliable estimate of the total scale of economic crime. However, all assessments within the public and private sectors indicate that the scale of the economic crime threat continues to grow.”

Economic Crime Plan 2019

The National Fraud Authority estimated public sector fraud (including local government) at £20.6bn in 2013.

The National Audit Office's Local Landscape Review 2018 estimated fraud at up to £20.3bn excluding local government.

The estimated losses for local authorities in 2013 are broken down in the following by identified fraud losses and hidden fraud losses:

Estimated Local Government Fraud Loss 2013

Fraud Type	Estimated loss
Housing tenancy fraud	£845m
Procurement fraud	£876m
Payroll Fraud	£154m
Council Tax fraud	£133m
Blue Badge Scheme misuse	£46m
Grant fraud	£35m
Pension fraud	£7,1m

Annual Fraud indicator 2013

These figures do not take into account the indirect costs of responding to and dealing with fraud and exclude some potentially significant areas of fraud loss. The fraud landscape has changed since 2013 as councils have introduced new ways of working and innovative responses to risks, while at the same time new areas of fraud risk have appeared.

Local authorities were sceptical about current publications on sector fraud figures and performance as there was a plethora of different numbers with no agreement or consensus. However, they remain keen to develop a consistent risk and performance methodology for the sector and for individual councils to estimate the potential risk they face on a consistent basis. Following the research for this strategy, a working group has been set up to develop methodologies for the sector to use.

b) The nature of the problem

In June 2019 the Government published its first Economic Crime Plan and included fraud and corruption in the definition.

The Government's Economic Crime Plan 2019

What is economic crime?

To help establish our partnership, we have agreed a common language across the public and private sectors regarding economic crime. We have used the following definition of economic crime to guide our efforts. Economic crime refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others. This poses a threat to the UK's economy and its institutions and causes serious harm to society and individuals. It includes criminal activity which:

- allows criminals to benefit from the proceeds of their crimes or fund further criminality

- damages our financial system and harms the interests of legitimate business
- undermines the integrity of the UK's position as an international financial centre
- poses a risk to the UK's prosperity, national security and reputation

1.12 This definition is broader than terms such as 'financial crime' or 'white-collar crime' to provide a holistic response to the following types of criminality:

- fraud against the individual, private sector and public sector
- terrorist financing
- sanctions contravention
- market abuse
- corruption and bribery
- the laundering of proceeds of all crimes

For the purposes of this strategy we have retained the terms 'fraud' and 'corruption' while recognising that they are part of a wider agenda. The strategy has not been re-titled 'Economic Crime'.

c) Issues raised by stakeholders

During the workshops and research a number of barriers to effective working were raised – the main issues raised are below. Participants were asked how they would solve these issues and there were many ideas and opportunities presented. Local authorities are keen to play a part and influence the outcomes. Therefore a working group has been set up for each of these areas to assess the evidence so far, collect any further evidence and to report into the secretariat for the FFCL Board to consider. There is evidence to create an FFCL operational group from the current FFCL representative network. Further detail on how this will operate will be in the live Delivery Annex.

Recommendation: A single regional FFCL operational group should be formed from the existing FFCL regional representatives.

Fraud measurement

While recognising that the repercussions of fraud are wider than financial it is important that councils have an up-to-date estimate of what the figures and areas of risk appear to be. There are a number of different methods of calculating fraud losses, and these vary across regions. Moreover the fraud priorities differ across regions. External organisations present figures to the sector but there is little or no ownership of these within local authorities. Local authority attendees raised this lack of independent analysis and free benchmarking to look at areas in deep detail rather than reported figures on numbers of referrals or cases detected. Local authorities could use this analysis to make the business case to tackle fraud, understand fraud issues more closely and see a more detailed picture across boundaries.

Recommendation: A working group on measurement should be formed to develop a consistent risk and performance methodology for the sector.

Local authorities have agreed to work together to build a set of figures for use as an indicator of actual losses, prevention measures and fraud areas. In addition this group will look at the area of benchmarking. This work is underway and the working group is now formed and is in place.

Powers

Local authorities welcomed the introduction of the Prevention of Social Housing Fraud Act (PSHFA) and reported that it had improved accessibility to information and intelligence.

However, some issues on powers that had been raised previously had not been taken forward by any parties, as the PSHFA, had and have been exacerbated by

Case Study

An employee responsible for managing Ipswich Market and collecting stall rent from traders was prosecuted for theft of cash collected. The council's finance team identified an irregularity when it attempted to reconcile income received to income due. The theft was valued at £33,376 and totalled 91 thefts. The employee was given an 18-month prison sentence suspended for two years and ordered to carry out 250 hours of unpaid work in the community.

He was also ordered to pay £14,000 compensation to Ipswich Borough Council at the rate of £400 a month.

new fraud areas such as social care fraud where local authorities report it is difficult to obtain information. During the research local authorities have provided a number of examples across service areas where they cannot obtain information or access organisations in order to progress investigations.

There are a number of potential avenues to resolve these issues and local authorities have themselves suggested opportunities to resolve these. These issues need to be explored further to identify and evidence areas where lack of powers currently frustrate efforts by the sector to successfully progress counter fraud investigations. This will then enable the sector to lobby for the additional powers required.

Recommendation: A working group on powers should be formed.

Local authorities have agreed to work together to identify and evidence areas where lack of powers currently frustrate efforts by the sector to successfully progress counter fraud activity and identify what additional powers are required, what forms that should take and to examine the suggestions that have been collated. This evidence should then be used to lobby government to grant additional powers required. This recommendation is underway and the working group is now formed and is in place

Incentives

Local authorities welcomed the Counter Fraud Fund in 2015 which had been distributed by the then Department for Communities and Local Government

This fund was a one-off and there were good results that are detailed on the Local Government Association Counter Fraud Hub page. However, many local authorities did not have the opportunity to bid and some had lost resources. Local authorities reported that they did not have funds to set up dedicated teams or undertake proactive work, and offers of technology were expensive and often duplicated existing offerings. Local authorities have made some suggestions about ways in which counter fraud activity may be funded. Local authorities have put together ideas on what types of incentives could support improved activity.

Recommendation: A working group on incentives should be formed.

Local authorities have agreed to work together to indicate where incentives may be required from Government and what forms they may take and to examine the suggestions that have been collated in the research.

The working group is now formed and is in place and the work is underway.

Data analytics and matching

A number of data related initiatives exist which local authorities may take part in for example, counter fraud hubs. At the majority of workshops it was said that there is inconsistent advice, high pricing, lack of discussion with suppliers and difficulty filtering out what is useful from what is not. The National Fraud Initiative has two products which were highlighted as useful and these are the Fraud Hub and AppCheck. It was also reported that there were issues with data quality, data standards and a lack of quality assurance about products.

Recommendation: A working group should be formed to review existing data related initiatives available to local authorities and recommend best practice or new ideas.

Local authorities have agreed to form a working group to look at the area of data. A number of ideas have been put together and the group will consider these and what further activity is required. This group will need to decide what is in scope for this work as the issues raised are varied. This recommendation is underway and the working group is now formed and is in place.

Social care issues

At most workshops the area of social care fraud was raised. Social care fraud harms the community and vulnerable individuals who are unable to detect scams or fraud and are often unable to report them. Sometimes abuse of funds by family members or carers complicates the situation. This can include financial abuse of vulnerable persons, not just direct payments and personal budgets.

This area of fraud has emerged as a growing risk since the last strategy was published. The impact of this risk on already stretched social care services and budgets is potentially very significant. For this reason, organisations with relevant skills together with those local authorities that have developed good practice have offered to support work in this area of risk. Our research also highlighted a number of ideas about identifying and tackling some systemic vulnerabilities in this area. Local authorities should ensure fraud strategies are aligned with safeguarding responsibilities to ensure we actively protect the most vulnerable in our communities. Close working with social care teams will be required with joint approaches and planning.

Recommendation: A working group on social care fraud should be formed to look at how local fraud strategies should align to local authorities' safeguarding responsibilities as well as to identify best practice in countering risks relating to social care fraud.

Local authorities have agreed to form a working group to look at the area of social care fraud. A number of ideas have been put together and the group will consider these and what further activity is required. This recommendation is underway and the working group is now formed and is in place.

“Investing to prevent fraud should be one of the early steps in building your counter fraud response. The repercussions of fraud can be far reaching. We have a duty to protect residents in our communities from fraud and we should work in collaboration with officers across the council and partner agencies to prevent fraud and safeguard the vulnerable. Fraud is not a victimless crime”.

*Clive Palfreyman, Executive Director Finance & Resources
London Borough of Hounslow*

d) The themes

In FFCL 2016 a number of themes were identified and while those are still relevant and supported during the research one in particular stood out: collaboration.

Collaboration

There is an appetite for collaboration across the sector and geographically. However, it does not apply solely to local authorities. There is a need for collaboration across sectors, local law enforcement and with suppliers and external organisations.

The current FFCL regional representatives' network functions well. However, there is still a gap where information does not flow. There are also links to law enforcement and both national and local bodies which if they were stronger would help support the fight against fraud. Some councils already participate in regional bodies that could easily be better connected. There is overwhelming support for the idea of more formal FFCL-linked groups. Local authorities requested FFCL regional group.

There is also the possibility of exploring the principle of placing an obligation on partner bodies to share information to assist the detection and prevention of fraud even if the fraud is not against the sharing body.

Furthermore, local authorities reported the need to be more formally linked into the national law enforcement bodies. During the research a number of issues and patterns appeared in workshops that have been raised with enforcement; this demonstrates the merits of a joined-up approach. The Chief Executive of Cifas currently chairs the Joint Fraud Taskforce as well as sitting on the FFCL board and this has enabled Cifas to raise issues with the National Economic Crime Centre about local authorities' fraud risks. Local authorities requested support for better links to the major bodies in enforcement.

It was noted that where support was offered from outside the sector this could lead to a lack of 'ownership' by local authorities and that, had they been consulted or asked to contribute, products and services might have had better take-up. In particular, the cost of external support was raised several times as a barrier to take-up.

Recommendation: A single FFCL regional operational group should be created using the existing network that can link to relevant boards and enforcement.

Activity

During the workshops local authorities agreed to join the existing FFCL regional groups with a representative who is able to form part of a regional FFCL operational group supported by an FFCL Strategic Advisory Board (the current FFCL board).

The North East Regional Investigations Group will form a pilot and link to wider local law enforcement. This has been agreed with that region and is in place.

The new FFCL Strategic Advisory Board should have a dotted-line link into the Joint Fraud Taskforce, which will give access to the main players in local law enforcement.

There is further detail on this in the Delivery Plan Annex with a diagram that outlines how operational issues may flow upwards. The new FFCL regional operational group should be initially chaired by one of the local authority experts from the FFCL Strategic Advisory Board.

Organising ourselves – a collaborative governance model

Local authorities involved in the workshops realised the need for a strategic board and were pleased that the FFCL board had been in place since 2010 with oversight and had stood the test of time. It was also noted that the board had changed in role several times as had the membership. The original board had been very active, the second board had been more of an oversight body and the current board was wider but less visible. Attendees at workshops raised questions regarding the governance of FFCL, the route for selection to the board and the seniority and expertise of the board.

Further detail is included in the Delivery Plan Annex

Attendees appreciated the support from the firms and private sector and did not object in any way to these board members. In particular, the rebuilt secretariat and the support for the conference and awards in 2019 were noted, as was Mazars' free support on toolkits.

Recommendation: It is recommended that a review of governance takes place in respect of the role of the current board in light of the FFCL regional operational group and links to the Joint Fraud Taskforce.

Further recommendations are detailed in the Delivery Plan Annex.

Case Study

The first social care fraud prosecuted by Veritau and City of York Council

Veritau investigated following a referral from a member of the public. This is the first prosecution of a social care fraud by the council's legal department and an area of development for the counter fraud team. Several prosecutions for social care fraud have been achieved before, but these were jointly investigated by the police and taken to court by the Crown Prosecution Service.

The defendant was the financial representative for his mother who received social care support funded by City of York Council. The council funded his mother's social care, and he failed to inform them when his parents' property sold in 2014. He subsequently lied about this on a financial assessment form. The £86,000 has been paid back to the council in full. Information was received that his parents' property had been sold in 2014 for £200,000 and he had not declared this to the council in an attempt to avoid paying for his mother's care fees. The investigation found that on two separate occasions in 2015 he informed the council that his parents were still joint owners of the property and that his father lived there. In a financial assessment for social care funding, jointly owned properties are disregarded if a family member continues to live there.

The counter fraud team worked alongside financial investigators from the council's trading standards team, who were able to obtain financial information which showed that £198,000 from the house sale was deposited into the son's bank account. This money should have been taken into account for his mother's social care funds, meaning that the council would not have had to pay £86,000 out of the public purse. As a result of the two teams working together, the man was billed and the entire loss has now been repaid to the council.

He pleaded guilty to two charges of fraud by false representation at York Magistrates' Court on 8 October 2019. The case was referred to York Crown Court for sentencing on 19 November where he received a 20-month suspended sentence and was ordered to do 80 hours of unpaid work. He was also ordered to pay court costs of over £1,100 and an £80 victim surcharge. When sentencing, the judge said that a significant factor in mitigation was that he had already repaid the £86,000 to the council.

e) Fraud risk areas

The research has highlighted the following types of fraud risks. These frauds are expanded on in the companion documents and the list below is a brief description:

Fraud risks raised in the research

<i>Social care fraud: personal budgets and direct payments</i>	overstatement of needs through false declaration, multiple claims across authorities, third party abuse by carer, family or organisation, posthumous continuation of claims
<i>Schools</i>	most issues that were raised in the workshops were also raised as issues for schools. This area did not feature in FFCL 2016
<i>Right to buy</i>	fraudulent applications under the right to buy/acquire
<i>Money laundering</i>	exposure to suspect transactions
<i>Commissioning of services</i>	including joint commissioning, joint ventures, commercial services, third sector partnerships – conflicts of interest, collusion
<i>Tenancy</i>	fraudulent applications for housing or successions of tenancy, and subletting of the property
<i>Procurement</i>	tendering issues, split contracts, double invoicing
<i>Payroll</i>	false employees, overtime claims, expenses
<i>Identity fraud</i>	false identity/fictitious persons applying for services/payments
<i>Council tax</i>	discounts and exemptions, council tax support
<i>Blue Badge</i>	use of counterfeit/altered badges, use when disabled person is not in the vehicle, use of a deceased person's Blue Badge, badges issued to institutions being misused by employees
<i>Grants</i>	work not carried out, funds diverted, ineligibility not declared
<i>Business rates</i>	fraudulent applications for exemptions and reliefs, unlisted properties
<i>Insurance fraud</i>	false claims including slips and trips
<i>Disabled facility grants</i>	fraudulent applications for adaptations to homes aimed at the disabled

“Fraud has not disappeared: it is ever present, evolving and affects the funding that is needed for frontline services. In many public sector bodies it is still an area where there is significant underinvestment, because they are not recognising the extent of the epidemic and seeing other priorities, particularly around service delivery, as more important. As fraudsters evolve, we must too. To these ends, through collaboration and intelligence sharing with a fraud prevention specialist service, we are ensuring that cases of fraud are not replicated across our partnership, mitigating controls are put in place and offenders are dealt with appropriately. Through our proactive intelligence-led approach we are taking steps to ensure the public purse is protected from all fraudulent activity.”

David Hill, Chief Executive South West Audit Partnership

Concessionary travel schemes – use of concession by ineligible person, including freedom passes

No recourse to public funds – fraudulent claims of eligibility

New responsibilities – areas that have transferred to local authority responsibility

Local Enterprise Partnerships – partnerships between local authorities and businesses. Procurement fraud, grant fraud. All LEPs should now be incorporated, with a local authority as accountable body, in a more formal and regulated relationship. Key issues are LEP governance, procedures for allocating/prioritising grants

Immigration – including sham marriages. False entitlement to services and payments

Cyber-dependent crime and cyber-enabled fraud – enables a range of fraud types resulting in diversion of funds, creation of false applications for services and payments.

However, during the research for this strategy it has become clear that some frauds have become more prevalent and that some risks have reduced. In addition, fraud risks were raised at several workshops about money laundering, suspicious activity reports and risks attached to local authorities becoming more commercial.

The details of these risks are included in the companions as these are seen as changing areas that may need frequent updating.

While the direct consequences of fraud may be financial and reputational loss there are wider impacts that surround the harm to victims locally and the harm in the community. Local authorities have raised a number of issues about protecting the vulnerable from fraud and this spans a large area. There are also other stakeholders in this local landscape who offer support to victims, have developed networks and done deeper research. A large number of volunteers have come forward from the workshops with good practice and a willingness to collaborate to prevent and tackle these issues. The main fraud risk area that has drawn attention is social care fraud. However, there are other frauds that may merit scrutiny.

Activity

Local authorities have agreed to form a working group to look at the area of social care fraud. A number of ideas have been put together and the group will consider these, what further activity is required and if any wider work can be done.

Economic Crime Plan 2019

Economic crime touches virtually all aspects of society. Economic crimes range across the full breadth of criminality, ranging from low-level frauds through to sophisticated cyber-enabled market manipulation. Fraud is now the second most common crime type in England and Wales, with nearly every individual, organisation and type of business vulnerable to fraudsters.

f) Counter Fraud Capacity, Competence and Capability

In FFCL 2016 themes were identified in the areas of capacity, competence and capability as part of the 6Cs – see page 23. These issues still exist.

Despite the challenge around capacity, competence and capability and lack of dedicated resource it is clear that activities to tackle fraud across the sector are being pursued and having a positive impact. But demand and growth in the number of incidents of fraud reported nationally mean local authorities must focus on areas of fraud that they identify as posing greatest risk and adverse impact on their organisations and the vulnerable. Working collaboratively and sharing resources should be encouraged and the FFCL regional board should undertake an analysis of which local authorities may benefit from support and how this might happen.

Many local authority practitioners reported that their capacity to tackle fraud and corruption had been reduced as a result of austerity-related local authority funding reductions. In addition several workshops were attended by shared service representatives and reported that non-attendees no longer had counter fraud resources. In one workshop it was noted that eight councils did not have any resource but that a colleague in the revenue department of a neighbouring authority had been 'helping out' across them. There are also situations that require collaboration: for example, a district council pursues council tax and business rates fraud, but the main beneficiaries are the county council and the Government.

In many cases practitioners also reported that some of the skilled investigation resource had been transferred to the Department for Work and Pensions and had not been replaced. There were large disparities in respect of numbers of staff and skills.

Local authorities reported that their staff did not always have the skills or training to tackle fraud and corruption. Many attendees were skilled and qualified. It was also clear that because a number of local authorities did not have access to a team they were not covering the full range of fraud activities. In contrast the workshops were well attended by experts who, while overloaded, were attempting to tackle all frauds but with one hand behind their backs. Very often they said they would be pleased to assist neighbouring councils but had no contact or requests. The FFCL regional board may assist with this and what support can be given.

In addition there were some parts of the country where the teams were not up to date with current local landscape issues or activities that would benefit them in their roles. At the FFCL 2019 conference questions were raised about free access to tools and

good practice and it was agreed to hold this in the Knowledge Hub, which is an independent, free tool that many local authorities already use. In addition some local authorities already have small networks in the Knowledge Hub that they could link to the FFCL pages. The Knowledge Hub has been open for FFCL since the summer and now contains the archive documents as well as details about other current issues.

Adult care services successful prosecution and repayment in full of fraud loss

The subject of this investigation was the husband of a Hertfordshire County Council service user in receipt of financial support to pay for daily care. He completed the financial assessment forms on behalf of his wife but failed to declare ownership of residential property that was rented out in the private sector.

The allegation originated from a social worker who had a 'gut feeling' that the couple had a second home and referred to matter to Herts' shared anti-fraud service.

The investigation found that the couple jointly owned three properties in addition to their residential home. All three properties were rented out and held equity.

The husband was interviewed under caution where he accepted ownership of the properties but denied any wrongdoing, stating that there was no capital in any of the additional homes and that he had been struggling financially since his wife became ill. As part of the enquiries conducted by the team a fourth property was identified abroad.

On 1 July 2019 at Luton Crown Court, he pleaded guilty to all three counts of fraud by false representation. He was sentenced to two years in prison, suspended for two years. The judge adjourned any financial sanction until the confiscation order was completed. A service decision was made in that had the financial assessment form been completed correctly and the additional property declared, the service user would have been deemed a self-funder and received no financial support for care. Therefore the loss to HCC was calculated as £75,713 and a future saving of £1,166 per week (£60,632 per year) was recorded.

The loss including interest was calculated to be £89,141, which he has paid in full.

Case Study

Collaboration on Protect and Pursue

A man was sentenced to 18 months' imprisonment, suspended for 18 months, after forging documents when applying for disabled persons' freedom passes and disabled persons' Blue Badges.

He was found guilty of 12 offences - nine at Brent, Enfield and Haringey councils. He then pleaded guilty to a further three charges of forgery at Waltham Forest Council.

A lengthy investigation, led by Brent Council's fraud team, discovered that the subject used fake birth certificates, utility bills and medical certificates to falsely present himself and others as disabled.

Brent Council worked with the other three local boroughs, who carried out their own thorough and professional investigations with Brent's support, to join up the charges that resulted in the successful verdict.

For the Brent, Enfield and Haringey offences he was sentenced to 18 months' imprisonment per offence for these nine offences to be served concurrently. The sentence was suspended for 18 months.

The man was sentenced to 12 months' imprisonment for each of the three Waltham Forest offences. This was also suspended and will be served concurrently with the 18-month sentence. He also needs to complete 20 hours of a rehabilitation activity requirement order.

Culture

Some local authority practitioners reported that senior managers were finding it difficult to dedicate sufficient time to demonstrate their support for counter fraud activities due to a focus on other priorities such as meeting budget savings targets and maintaining key services to residents.

This was considered to have a negative effect upon performance, and was associated with counter fraud work having a low profile and the benefits of counter fraud work not being fully appreciated. Appendix 1 details what senior officers and members should focus on.

There is reluctance in some cases to report identified fraud, for example in press releases, for fear of presenting a negative impression of an authority. Reporting of successful outcomes is a powerful tool in prevention and deterrence.

It is important to embed a counter fraud culture and this requires a focus and leadership from the top. This requires having an appropriate resource in place. There is a role for the audit committee to challenge activity, understand what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.

Collaboration

Local authority practitioners demonstrated an appetite for working more formally across local authority boundaries and with other agencies, departments and the private sector. They reported a range of difficulties in securing progress to working together.

Examples included counter fraud work not being consistently prioritised across the sector, lack of financial incentives to make the business case to collaborate, local lack of understanding of data protection rules, and lack of funding.

They also reported an appetite for innovative use of data and wider data sharing, but had encountered barriers to this or made very slow progress.

Local authorities further reported that they found it hard to get the police involved in their cases and that they did not receive feedback on cases from crime reporting hotlines.

During the research a number of incidents were highlighted that demonstrated patterns of activity, organised fraud and money laundering. These issues have been acted upon. However, it is important that local authorities have access to routes where they can report these matters. Local authorities are the eyes and ears of the community and have a wealth of data that can help other local law enforcement if legally

accessed but this communication is not happening everywhere. This collaboration would support the fight against serious and organised crime. If the recommendations about links between the operational board and the JFT are agreed this will start to resolve some of the issues in this section.

Recommendations:

The external auditor should highlight FFCL and its appendices to the audit committee in the annual report

The regional network should continue use the Knowledge Hub as a free, independent, non-commercial confidential space to share information. When it is live the secretariat should hand it to the FFCL operational board.

Local authorities should partner with neighbours and engage in regional networks and should consider sharing resources and expertise. The FFCL operational board should take the lead on this.

While this strategy covers fraud and corruption, no instances of corruption were raised at the workshops though it was clearly considered alongside fraud in local strategies. The Ministry of Housing, Communities and Local Government has conducted research on procurement fraud and corruption that will be added to

the live FFCL documents.

“Working in partnership has allowed the Veritau member councils to establish a dedicated corporate fraud team. The team offers each council access to fraud investigators with specialist knowledge of the fraud risks facing local government. The team has also helped each council to recover significant fraud losses, particularly in new and emerging areas like adult social care.”

Max Thomas, Managing Director Veritau

Case Study

Devon Audit Partnership

A social housing local landlord alleged that Mr P was potentially subletting his property illegally to an unentitled third party. Mr P was already in the process of applying for the right to buy his social housing property.

The subsequent investigation revealed evidence that Mr P's friend was subletting the property from him and had been for at least two years. It also confirmed that Mr P was living in a private rented property with his girlfriend less than two miles away.

Mr P constantly denied the allegations. However, at his interview under caution with the DAP counter fraud services team, after repeatedly lying, he admitted the overwhelming evidence proved he was letting his friend live at his social housing property but denied that he had done anything wrong.

Mr P was subsequently prosecuted and pleaded guilty at that point to two offences contrary to:

Prevention of Social Housing Fraud Act 2013 – in relation to the dishonest illegal sublet of a social housing property

Fraud Act 2006 – in relation to the dishonest attempt to fraudulently obtain a £39,600 discount on his right to buy.

Mr P was sentenced to 160 hours' unpaid work for each charge and ordered to pay Plymouth City Council £750 towards its costs. Judge Darlow stated at the end of the case: “It was fraud [and] the decision by Plymouth City Council to prosecute is to be applauded.”

Section 2: The Strategic Approach

To support the delivery of the strategy there is a need for an action plan, appropriate governance arrangements and revised structures to underpin the key requirements to foster and improve collaboration across boundaries.

The recommendations contained in this strategy need to be turned into a set of achievable actions that are properly resourced, timetabled and allocated to appropriate local and national partners. These will need to be supported by an advisory board of senior stakeholders that commands widespread support and leadership across all levels of local

government. This should include the Local Government Association and the relevant central government departments.

New structures, appropriate to the changing demands, need to be constructed to support the delivery of the strategy. It is recommended that these are built upon the existing counter fraud arrangements already paid for by local government, and that the resources of the existing and new structures are committed to supporting the delivery of this strategy.

The key principles are laid out in the pillars and themes:



Govern

The bedrock of the strategy is that those who are charged with governance support the activity by ensuring that there are robust arrangements and executive support to ensure counter fraud, bribery and corruption measures are embedded throughout the organisation. Beating fraud is everyone's business. The internal arrangements that are put in place should be communicated throughout the organisation and publicly available to demonstrate the culture and commitment to preventing fraud.

Without exception the research revealed an 'ask' that those charged with governance be directed to the strategy and that this become a key element. During the research for FFL 2011 and 2016 it was requested that some key points be laid out for those charged with governance in local authorities to make it simple for them to ensure fraud was being tackled. This request was repeated on numerous occasions during the workshops for FFCL 2020. Some basic questions are laid out at the end of the strategy in Appendix 1.

The supplements to this strategy lay out some key stakeholders, their roles and the areas that they should consider when evaluating the counter fraud efforts in their organisations.

The pillar of 'govern' sits before 'acknowledge'. It is about ensuring the tone from the top and should be included in local counter fraud strategies.

Acknowledge

In order to create a counter fraud response an organisation must acknowledge and understand fraud risks and then demonstrate this by committing the right support and appropriate resource to tackling fraud.

This means undertaking a risk assessment of fraud areas and vulnerabilities and then agreeing an appropriate resource. Not every local authority requires a large team but they should have assessed the risk, have a plan to address it and have access to resources with the right capabilities and skills.

Prevent

Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Local authorities should set in place controls to prevent fraudsters from accessing services and becoming employees. It is nearly always more cost-effective to prevent fraud than to suffer the losses or investigate after the event.

The technology to establish identity, check documents and cross-check records is becoming cheaper and more widely used. Controls should apply to potential employees as well as service users. If someone lies about their employment history to obtain a job they are dishonest and it may not be appropriate to entrust them with public funds. In any case they may not have the training or qualifications to perform the job to the required standard.

Case Study

Fraud Hub Hertfordshire County Council

Hertfordshire County Council and a number of its neighbouring authorities are taking the next step to protect themselves by sharing intelligence in a newly formed FraudHub from the National Fraud Initiative to ensure they can reveal the full extent of fraudulent activities within their region.

Results so far have been extremely positive for Hertfordshire with over...

- *3,000 Blue Badges cancelled*
- *3,000 concessionary travel passes being revoked*
- *120 LG pensions or deferred pensions stopped*
- *182 Direct Payments or personal budgets for adult care being stopped/reduced or reviewed*
- *15 residential care placements being cancelled*
- *23 payroll discrepancies being subject to further investigation*
- *50,000 customer records removed from database alone using mortality data*
- *More than £5m in estimated savings in its first 12 months*

Pursue

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response on sanctions and collaboration.

Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat.

A further theme has appeared during the research to link with the government strategy but also recognising the increased risks to victims and the local community.

Protect

Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cyber-crime and also protecting itself from future frauds. This theme lies across the pillars of this strategy.

From the research it is clear that a large number of local authorities use the FFCL initiative as a basis for local plans. Some local authorities have embedded the pillars into operational work. An example of how this has been done is included in the Annexes.

Case Study Pursue

Subletting Case Study Westminster City Council – unlawful profits

The council investigated following an anonymous tipoff that the tenant of a council property was not using the address as required by their tenancy and was profiting from the short-term letting of the property using Airbnb.

Searches of Airbnb carried out by the investigator found the property, which is a studio flat, advertised as a whole property with over 300 reviews. The council investigator found that even though the listing was not in the tenant's name, some of the reviews mentioned the tenant by his name, thanking him for his advice and local restaurant recommendations.

The council obtained the tenant's bank statements under the provisions of the Prevention of Social Housing Fraud Act using the authorised officer service provided by the National Anti-Fraud Network. The investigator subsequently found credits totalling over £125,000 covering four years.

All payments were credited from Airbnb, PayPal or Worldpay. When investigators visited the property they found a man at the premises who denied being the tenant even though his appearance matched the tenant's description. The next day the adverts had been removed from Airbnb but the investigator

had already retrieved and saved copies. The tenant failed to attend several interviews under caution, but when possession action began his solicitors asked for a further opportunity for their client to be interviewed under caution to provide an account of events. This was agreed but again the tenant failed to attend the interview. Having applied the Code for Crown Prosecutors to the facts of the case and the defendant's personal circumstances, criminal action was not taken.

At the possession hearing, the District Judge said the Airbnb evidence was strong and that there was no distinction between 'short-term let' and subletting the home. The judge found in favour of the council. At an unsuccessful appeal hearing the judge agreed to the council's unlawful profits order of £100,974.94 – one of the highest that has ever been awarded to the council.

The tenant has now been evicted from the property.

Fighting Fraud and Corruption Locally – embedding the pillars

Durham County Council's counter fraud and corruption team has embedded many of the themes to create a robust approach. They have set up partnerships across sectors and regions, created a data hub and used the FFCL strategy to inform all of their work. The audit committee has supported the team and attended the FFCL awards in 2019.

DCC believes the best defence is to create a strong anti-fraud culture based on zero tolerance to deter fraud from being committed. It has reinforced this with a new corporate fraud sanction policy.

Norwich City Council adopted the FFCL pillars into its anti-fraud and bribery strategy in 2017 with the additional pillars of governance (similar to the NHS model). This has had a positive response from council executives and members including the audit committee. The annual report contains a RAG-rated review against the criteria set out in the local strategy and an activity plan based on the criteria each year to demonstrate progress and highlight areas to focus on.

A more detailed explanation of these is in the Annexes.

The Themes – Six Cs

The live companions to this strategy document set out more information on how local authorities can ensure that their counter fraud response is comprehensive and effective. In the 2016 Strategy six themes were identified and during the research the workshop attendees were keen that these remain part of the strategy document.

Local authorities should consider their performance at a minimum against each of the six themes that emerged from the research conducted. To ensure this is effective and proportionate local authorities should benchmark this information where possible.

The themes are:

Culture – creating a culture where fraud and corruption are unacceptable and that is measurable

Capability – assessing the full range of fraud risks and ensuring that the range of counter fraud measures deployed is appropriate

Capacity – deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance

Competence – having the right skills and standards commensurate with the full range of counter fraud and corruption activity

Communication – raising awareness internally and externally, deterring fraudsters, sharing information, celebrating successes

Collaboration – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information.

Making the business case:

Investing in counter fraud activity –

Local authorities should pursue opportunities to invest in counter fraud and corruption activity in order to generate savings by preventing and recovering losses.

Local authorities do not, as a rule, explicitly budget for fraud losses (the exception to this is housing benefit, where subsidy losses are budgeted for). However, estimates of local authority losses demonstrate that there is a significant problem, and therefore a significant opportunity for local authorities.

Local authorities should seek to assess their potential losses and measure actual losses in order to make the business case for investing in prevention and detection. In many cases there is an existing business case based upon the experience of other local authorities. For example, the prevention and detection of fraud perpetrated in income areas such as council tax is now widespread and offers higher tax revenue which can be recovered through existing, efficient collection systems. However, each local authority will need to make its own case as fraud risks will vary significantly depending on location, scope, and scale of activities.

The moral case – fraud and corruption in local authorities are unacceptable crimes that attack funds meant for public services or public assets.

The result is that those in genuine need are deprived of vital services. Fraud and corruption are often linked with other criminal offences such as money laundering and drug dealing. Local authorities have a duty to protect the public purse and ensure that every penny of their funding is spent on providing local services. More often than not, in doing so they achieve wider benefits for the community. For example, adult social care sits within the precept for council tax and reducing fraud in this area means that taxpayers' money is protected and is an incentive.

Case Study

An interim manager hired vehicles for personal use covering at least nine different vehicles and costing more than £18,000. The fraud included various invoice frauds for gardening services and over £20,700 paid to the interim manager's account.

In total the interim manager's actions resulted in monies, goods or services with a total value of £60,882.16 being ordered or obtained at a cost to the council from seven suppliers, including false invoices purporting to be from a gardening company.

Thirty-one fraudulent invoices were introduced by the interim manager totalling over £48,000 and were processed, authorised and paid using the council's systems. A further eight invoices totalling

more than £7,000 were subsequently authorised by the interim manager's line manager for liabilities incurred by the interim manager. Employee purchase cards were used to pay for goods worth over £1,270 and the interim manager personally benefited by £4,000 from the compensation payment and over £20,780 from the fraudulent invoices he submitted from the gardening company.

The fraud was discovered via a whistleblowing referral to audit services

The council's investigation found that the maintenance company with the same bank account as the interim manager's company did not exist. The council's audit services department led an investigation with the police to take the matter to Birmingham Crown Court where the interim manager pleaded guilty to Fraud Act offences. He was sentenced to three years' imprisonment on 25 September 2019.

Section 3: Turning Strategy into Action

The Delivery Plan

To support the delivery of the strategy there is a need for an action plan, appropriate governance arrangements and revised structures to underpin the key requirements and foster and improve collaboration across boundaries.

The set of recommendations contained in this strategy need to be turned into a set of achievable actions that are properly resourced, timetabled and allocated to appropriate local and national partners. These will need to be supported by an advisory board of senior stakeholders that commands widespread support across all levels of local government. This should include the Local Government Association and the relevant central government departments.

New structures, appropriate to the changing demands, need to be constructed to support the delivery of the strategy. It is recommended that these are built upon the existing counter fraud arrangements already paid for by local government, and that the resources of the existing and new structures are committed to supporting the delivery of this strategy.

Further details on governance and recommendations are in the Delivery Plan Annex.

Section 4: The Local Response

Appendix 1

What should senior stakeholders do?

The chief executive

1. Ensure that your authority is measuring itself against the checklist for FFCL
2. Is there a trained counter fraud resource in your organisation or do you have access to one?
3. Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?

The section 151 officer

1. Is there a portfolio holder who has fraud within their remit?
2. Is the head of internal audit or counter fraud assessing resources and capability?
3. Do they have sufficient internal unfettered access?
4. Do they produce a report on activity, success and future plans and are they measured on this?

The monitoring officer

1. Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?
2. Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?

The audit committee

1. Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work
2. Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured
3. Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud
4. Should support proactive counter fraud activity
5. Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.

The portfolio lead

Receives a regular report that includes information, progress and barriers on:

- The assessment against the FFCL checklist
Fraud risk assessment and horizon scanning.

Appendix 2

FFCL Checklist

- The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.
- The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.
- There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.
- The relevant portfolio holder has been briefed on the fraud risks and mitigation
- The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources
- There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.
- The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.
- The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.
- Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.
- Successful cases of proven fraud/corruption are routinely publicised to raise awareness.
- The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.
- The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:
 - codes of conduct including behaviour for counter fraud, anti-bribery and corruption
 - register of interests
 - register of gifts and hospitality.
- The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended

-
- in FFCL 2020 to prevent potentially dishonest employees from being appointed.
 - Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.
 - There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.
 - There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.
 - Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.
 - Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.
 - There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.
 - Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.
 - Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.
 - There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.
 - All allegations of fraud and corruption are risk assessed.
 - The fraud and corruption response plan covers all areas of counter fraud work:
 - prevention
 - detection
 - investigation
 - sanctions
 - redress.
 - The fraud response plan is linked to the audit plan and is communicated to senior management and members.
 - Asset recovery and civil recovery are considered in all cases.
 - There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.
 - There is a programme of proactive counter fraud work which covers risks identified in assessment.
 - The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.

- The local authority shares data across its own departments and between other enforcement agencies.
- Prevention measures and projects are undertaken using data analytics where possible.
- The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.
- The counter fraud team has access to the FFCL regional network.

There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.

The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.

The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:

- surveillance
- computer forensics
- asset recovery
- financial investigations.

Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.

Section 4

The Fighting fraud and Corruption Locally board would like to thank

The Fighting Fraud and Corruption Locally board is:

Charlie Adan – Chief Executive and SOLACE
 Bevis Ingram – LGA
 Andrew Hyatt – Royal Borough of Kensington and Chelsea
 Mike Haley – Cifas and Joint Fraud Taskforce
 Rachael Tiffen – Cifas and secretariat
 Suki Binjal - Lawyers in Local Government
 Colin Sharpe – Leicester City Council
 Clive Palfreyman – LB Hounslow
 Trevor Scott – Wealden District Council
 Alison Morris – MHCLG
 Mark Astley – NAFN
 Paula Clowes – Essex County Council
 Simon Bleckly – Warrington Council
 Karen Murray – Mazars
 Paul Dossett – Grant Thornton
 Marc McAuley – Cipfa

The Board would like to thank Cifas for managing this process, for the delivery of the research and the drafting of this document.

Regional Workshops

Around 260 councils attended workshops organised in the following areas:

East Anglia
SouthWest, Devon, Plymouth, Cornwall and Devon
Kent
London and the South East
Essex
Hertfordshire and Home Counties
Midlands Fraud Group and Chief Internal Auditors and County Networks
North West Fraud Groups
Yorkshire Groups
North East and North Regional Fraud Group

The Fighting Fraud and Corruption Locally board wishes to thank:

Andrea Hobbs
Colin Sharpe
Debbie Dansey
Helen Peters
James Flannery
Jamie Ayling
Jacqui Gooding
David Hill
Max Thomas
Jonathan Dodswell
Hannah Lindup
Shelley Etherton
Gary Taylor
Nick Jennings
Ken Johnson
Mark O'Halloran
Paul Bicknell
Lauren Ashdown
Steven Graham
Matt Drury
Gillian Martin
Sara Essex
Sally Anne Pearcey
Paula Hornsby
Rachel Worsley
Nikki Soave
Francesca Doman
Andrew Reeve
Jason Pengilly
Paul Bradley
Professor Alan Doig
Sean Turley
Neil Masters
Dan Matthews
Scott Reeve
Corinne Gladstone
Louise Baxter
Keith Rosser
Ben Russell
Philip Juhasz
Paddy O'Keefe
Mark Wilkes

Andrew Taylor
Neil Farquharson
Steven Pearce
Lucy Pledge
Sheila Mills
Jamey Hay
Kerrie Wilton
Michael Skidmore
Oliver Day
Carol McDonnell
Nici Frost-Wilson

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Rachael Tiffen – Cifas
Paula Clowes – Essex County Council
Andy Hyatt – Royal Borough of Kensington and Chelsea

**

And all those who attended the workshops, provided feedback, responded to surveys and who took up the actions after the workshops.

Section 5

Glossary and documents

NAFN – National Anti-Fraud Network
CIPFA – Chartered Institute of Public Finance and Accountancy
Cifas – UK's fraud prevention service
NECC – National Economic Crime Centre
NCA – National Crime Agency
MHCLG – Ministry of Housing, Communities and Local Government

ONS: www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingseptember2019#fraud
www.gov.uk/government/publications/economic-crime-plan-2019-to-2022
National Fraud Authority, Annual Fraud Indicator, March 2013
National Fraud Authority - Good practice publication: www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/our-work/
Economic Crime Plan 2019: www.gov.uk/government/publications/economic-crime-plan-2019-to-2022
Eliminating Public Sector Fraud: www.cabinetoffice.gov.uk/sites/default/files/resources/eliminating-public-sector-fraud-final.pdf
Smarter Government: www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/our-work/smarter-government-report
Local Government Association Counter Fraud Hub: www.local.gov.uk/counter-fraud-hub
Veritau: veritau.co.uk/aboutus
SWAP Internal Audit Services: www.swapaudit.co.uk
Devon Audit Partnership: www.devonaudit.gov.uk

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AUDIT COMMITTEE	AGENDA ITEM No. 6
14 SEPTEMBER 2020	PUBLIC REPORT

Report of:	Pete Carpenter, Acting Corporate Director of Resources	
Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Resources	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384 557

ANNUAL REPORT: INSURANCE AND INSURANCE FUND REPORT 2019 / 2020

R E C O M M E N D A T I O N S	
FROM : Steve Crabtree, Chief Internal Auditor	Deadline date : N / A
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> 1. Receive, consider and endorse the attached annual report on the provision of the Insurance Service during 2019 / 2020. 	

1. ORIGIN OF REPORT

1.1 This report is submitted to Audit Committee as a scheduled report on the provision of Insurance Services to Peterborough City Council and other third parties. It is in line with the established Work Programme.

2. PURPOSE AND REASON FOR REPORT

2.1 The Terms of Reference for the Audit Committee (agreed at Full Council) set out the key roles of the Committee including the following

2.2.1.12: To monitor the effective development and operation of risk management and corporate governance in the Council.

2.2 The purpose of this report is to present the work carried out during the past year to provide an effective insurance function which provides cover for all aspects of the Council whilst minimising the cost.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet	-
---------------------------------------------	-----------	--------------------------	---

4. BACKGROUND AND KEY ISSUES

4.1 The Insurance Team now form part of the wider Audit, Insurance and Investigations Team and provide the following main services:

- Assess the insurance needs of Peterborough City Council and put in place an insurance programme that best reflects these needs, through a mixture of external insurance and use of the Insurance Fund;
- Handle all insurance claims pursued against Peterborough City Council up to the insurance deductible and liaise with insurers concerning all claims over the deductible;
- Evaluate insurance claims to identify both individual areas of risk mitigation and general risk trends, then implement strategies to reduce these; and
- Provide insurance services to other bodies, such as schools including academies, Vivacity and Aragon Direct

The key issues dealt with by the Insurance Team over the past year are as follows:

4.2 Insurance

- Arranging the insurances for Aragon Direct and putting in place procedures for claims handling, creating bespoke claim report forms and holding regular meetings with Aragon to ensure the insurance service meets their needs.
- Preparing Highways to ensure they meet the requirements of the new Well Managed Highway Infrastructure Code of Practice by arranging further training for the Inspectors, arranging a mock trial with insurers for the Inspectors to attend and holding meetings with Highways management to discuss best practice and ensure systems are robust.
- Fully embedding agile working within the team to allow working from home or other non-office locations. This ensured we were in a position to carry on nearly as normal with no break in service when the Covid-19 lockdown commenced in March.

4.3 Risk Mitigation

The two main risks faced by Peterborough City Council presently are Highways and tree-related subsidence. The following actions have been taken in connection with these:

- The Insurance Team have been working with the Natural and Historic Environment Manager to reduce the Council's liabilities for such claims, through targeted tree works in higher-risk areas, better recording of tree stock and inspections and meetings with / seminars for the Tree Team, to aid their understanding of the insurance position.
- The Risk Mitigation Fund paid for GIS software to allow subsidence claims data to be plotted on a map and capturing all works done in relation to each claim. This has greatly assisted the programme of targeted tree works, for example it highlighted a tree belt between two estates of houses, claims had been presented for one of the streets, but the visual representation highlighted the potential for the others along the line of the trees and allowed works to be carried out before further claims were received.
- Highways risk has been reduced as far as is possible: 100% of inspections are being carried out on the highway network and only one very low-value claim has been paid in 2019/20. This is a result of excellent hard work on the part of the Inspectors and the close working relationship between Highways and the Insurance Team. Risk mitigation work will not cease, it is important to ensure that this position does not slip.

4.4 Working with schools

- Schools are not obliged to arrange their insurance through the Local Authority and so for the past 20 years the Insurance Team have been offering the bespoke 'Choice' service, which allows schools to choose from a range of insurances they may need, including specialist schemes for school journeys, Governors and legal expenses, as well as the usual buildings, contents, liabilities and motor covers.

- The schools can choose the level of excess they are comfortable with and receive claims handling, insurance advice and risk management support from the Insurance Team.
- Many schools are now converting to Academy status and so can no longer remain as part of the Council's schools policy. The Insurance Team have therefore been working with our insurers to make an offering to schools on a standalone basis that can rival the Risk Protection Agreement, which allows the school to remain with a commercial insurer and also retain the services of the Insurance Team.
- Seven Academies have remained so far and the scheme is being offered to all schools at the point they are looking to convert and also, if they have already converted, on the approach to their renewal, so they have an option to return to an insurance model.
- The Government's RPA scheme has been extended to include LA-maintained schools, so our schools now have this additional choice. None of our schools chose to leave our insurance scheme for the RPA in 2019/20.

4.5 The attached report (**Appendix A**) provides more detail on the points above, including a breakdown of claims received and provides an insight into how this service will continue to operate, the insurance challenges facing the Council and how these will be mitigated.

5. CONSULTATION

5.1 This report has been issued to the Acting Corporate Director of Resources for consideration.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 That the Audit Committee is informed of the proactive measures taken across the Council to reduce the impact of insurance claims both from a financial and reputational perspective.

7. REASON FOR THE RECOMMENDATION

7.1 To enable the Audit Committee to continue to monitor the Council's approach to the areas dealt with by the team

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 The option is not to present a report on the insurance function and the activities undertaken. This is not in line with open and transparent corporate governance and could result in a lack of awareness.

9. IMPLICATIONS

Financial Implications

9.1 The Council will become more aware and will continue to consider the insurable risks and potential consequences. Every effort is undertaken across the Council to reduce the insurance need and mitigate for potential claims in the first place but where it occurs, robust processes will be in place to ensure high service standards are maintained.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 None

11. APPENDICES

INSURANCE: ANNUAL REPORT 2019 / 2020**1...Introduction**

- 1.1 This report documents the Council's approach to managing the insurance requirements for the Council and is presented to Audit Committee in order to discharge its responsibility in "*overseeing risk management and corporate governance arrangements*" as outlined in its Terms of Reference.
- 1.2 This report seeks to:
- provide an update on insurance activities within Peterborough City Council over the past financial year;
 - look at claims received over the past financial year;
 - provide a comparison with claims received in previous years and identify trends and the reasons for them;
 - set out the proactive risk mitigation work being carried out by the Insurance Team
 - forecast likely future risks and the work proposed for the next financial year and beyond

2...Insurance Team Activities

- 2.1 The Insurance Team form part of the wider Audit, Insurance and Investigations Team and provide the following main services:
- Assess the insurance needs of Peterborough City Council and put in place an insurance programme that best reflects these needs, through a mixture of external insurance and use of the Insurance Fund
 - Handle all insurance claims pursued against Peterborough City Council up to the insurance deductible and liaise with insurers concerning all claims over the deductible
 - Evaluate insurance claims to identify both individual areas of risk mitigation and general risk trends, then implement strategies to reduce these
 - Provide insurance services to other bodies, such as schools including academies, Vivacity and Aragon Direct
- 2.2 The key issues dealt with by the Insurance Team over the past year are as follows:
- PCC's waste collection, grounds maintenance and associated services have transferred to a new wholly-owned trading company, Aragon Direct. We are now into the second year of arranging insurance and handling claims for Aragon and this is going well. Bespoke claims report forms and procedure notes for operatives were provided at the outset, which has led to claims being reported promptly and in the required format. Regular meetings are

undertaken with Aragon staff to check progress, identify any issues and keep the relationship running smoothly.

- The new Well Managed Highway Infrastructure Code of Practice has now been in place for over a year. The steps taken to ensure the service was ready to meet the new Code have been entirely successful: the Highways Inspectors have all received either first-time or refresher Lantra training and will shortly be undergoing a further tree-related training course (subject to lockdown measures). The highways service was audited by insurers last year and was rated 'excellent'. Because of this, insurers chose our Highways service to be involved in a training exercise for all local authorities, where our Highways Plan was examined by a barrister and our key personnel 'cross-examined' by the barrister to see if our Plan is robust. This went extremely well and there were very few recommendations for change.
- Subsidence claims have risen sharply as 2018 was an 'event year' due to the hot, dry summer. A great deal of work has been undertaken in partnership with the Natural & Historic Environment Manager and the Aragon tree team to put in place streamlined procedures for investigating these claims, carrying out any mitigation works identified quickly and putting together a defence to these claims.

3...Claims Review

3.1 Analysis of the claims history reveal the following details:

Claim numbers received over past 5 years, broken down by claim type (PCC only)

	2015/16	2016/17	2017/18	2018/19	2019/20
Employers Liability	5	5	3	5	2
Motor	17	19	12	14	8
Other	4	7	2	1	17
Property	27	25	23	24	13
Public Liability	103	149	145	135	119
Total	156	205	185	179	159

- Claim numbers are very low for an Authority of this size and have stabilised over the last few years.
- Employers Liability claim numbers remain particularly low. This is likely to be partially due to the outsourcing of the higher-risk manual operations 8 years ago and partially due to the strong commitment to Health & Safety and risk management across the Council.

- Motor claims have also remained consistent and low. Of the 14 claims in 2018/19, 7 were fault and 7 non-fault. The fault accidents were mostly low speed misjudgements when parking or reversing. There is not considered to be any need for driver training at present, but this will be monitored and reviewed in future if the statistics deteriorate significantly.
- Property claim numbers are stable in the 20s. The top two claims causes currently are vandalism and break in/theft.
- Public liability claims figures are very low. As claimants have 3 years in which to pursue personal injury claims, the numbers for 2018/19 and particularly 2019/20 are likely to increase slightly over the next year or two. The two most frequent claims types are Highways and Trees.

Claims values over past 5 years, broken down by claim type (PCC only)

	2015/16	2016/17	2017/18	2018/19	2019/20
Employers Liability	21,971	35,500	0	40,385	32,782
Motor	34,025	37,596	24,518	8,124	7,247
Other	641	670	283	0	149,398
Property	76,715	35,939	84,147	643,270	121,185
Public Liability	111,428	371,687	333,128	686,553	341,871
Total (£)	244,780	481,392	442,076	1,378,332	652,483

- Employers Liability claim numbers have been very low over the past 5 years and have in the main been successfully defended. There have been no high-value, serious claims in this period.
- The Motor figures for 2018/19 and 2019/20 are not representative. Motor claims are handled by insurers rather than the Insurance Team and so the values are only provided by insurers once the claims are completed. Therefore, the figures will not be accurate until the insurance year matures.
- The large increase in value between 2015/16 and 2016/17 on Public Liability claims relates to one large-value claim. The majority of any settlement paid on this claim will be made by insurers and not from internal funds. The 2017/18 figures are high due to a number of outstanding subsidence claims. These have mostly been repudiated and so the reserves will reduce once the claims are closed. The 2018/19 and 2019/20 figures are not representative. Full reserves are maintained on all claims, even those that have been repudiated, until the claims are closed. There are 41 open claims in 2018/19 and 44 in 2019/20. The claims figures will reduce once these claims are closed.

3.2 Public Liability repudiation rate (PCC only)

	2015/16	2016/17	2017/18	2018/19	2019/20
PL repudiation rate	90%	85%	81%	93%	91%

- The Highways repudiation rates are 99% for 2018/19, 100% for 2017/18, 98% in 2016/17, and 100% in 2015/16. These are excellent rates.
- The majority of claims payments now being made relate to direct damage to walls and fences caused by trees/other vegetation and tree-related subsidence to property. Work is being done to reduce this risk: the entirety of the Council's tree stock has been listed and is regularly inspected and maintained.

3.3 Aragon Direct Claims 2019 / 2020

	Grounds Maintenance	Refuse Collection	Passenger Transport	Street Cleaning	Waste Management
Public Liability	17	4	0	0	0
Motor	3	23	12	6	2
Property	0	0	0	0	0
Employers Liability	0	0	0	0	0

- The Grounds Maintenance PL claims all involve windows being broken by stones flicked up by strimmers and mowers. All but one have been successfully defended due to the robust processes in place to guard against such incidents.
- The Refuse Collection PL claims are all refuse operatives scraping bins against vehicles. The numbers are low compared to the overall number of bins emptied, but the Insurance Team will be recommending that operatives are reminded to take care, as such incidents should be avoidable.
- The Grounds Maintenance motor claims were all fault accidents.
- The Passenger Transport motor claims were 10 fault and two non-fault. It will be suggested at the next Aragon meeting that drivers are issued reminders about driving carefully.
- The Refuse Collection motor claims were 13 fault, 2 non-fault and 8 where the circumstances are disputed. These figures will be discussed at the next Aragon meeting.
- The Waste Management motor claims are one fault and one non-fault.

- It was anticipated that EL claims would come in, however none have as yet. This positive result will be discussed at the next Aragon meeting, to identify areas of particularly good practice and look to maintain this position.

4...Risk Mitigation

- 4.1 The Insurance Team do not only handle insurance claims made against the Council, this data is also analysed to identify the greatest risks and claims trends. Actions are then taken to reduce these risks.
- 4.2 A breakdown of the Public Liability insurance claims received by PCC is as set out below:

	2015/16	2016/17	2017/18	2018/19	2019/20
Highways	49	65	70	54	55
School	8	6	3	5	2
Subsidence	13	24	17	42	11
Trees Direct Damage	10	29	22	12	25
Estate Services	2	2	8	3	4
Street Lighting	2	2	3	3	2
Miscellaneous	19	21	22	16	20
TOTAL	103	149	145	135	119

- 4.3 These figures show that the most claims are received in the areas of Highways and Trees / Subsidence. The Insurance Risk Mitigation Fund is used to promote actions or works that will reduce insurance risk and so for this year the Fund has concentrated mostly on Highways and Trees, as below:
- Lantra training for Highways Inspectors: a new Code of Practice came into effect from October 2018, which changes the basis of highway repairs from an intervention level to an investigatory level i.e. moves from a fixed criteria to a risk-based approach. It was therefore necessary for the Inspectors to have either refresher or first time training to the Lantra accreditation, to prove they are working to the new Code and meet the required standard.
 - Arboricultural training for Highways Inspectors: the new Code places higher duties upon Inspectors to identify problems with street trees. This training again demonstrates the Inspectors meet the requirements of the Code, enabling PCC to defend claims.
 - Subsidence risk tree felling and replanting schemes: claims data is used to map out subsidence risk 'hot spots' within the city and schemes of targeted felling are carried out to reduce this risk as far as possible. It is difficult to

quantify the savings this generates as the outcome is less claims received, or the ability to defend claims that do arise, but the average cost of a subsidence claim in the last 3 years is £16,588. The IRMF funding of £25,000 per year will probably prevent at least 10 claims from arising, likely more, so the savings per year this funding generates is estimated at least £140,000 per year.

- In keeping with PCC's agenda for climate risk control and tree canopy cover, replanting schemes are also then carried out to replace the trees removed, either with a more appropriate species for the location, or in another location where it is too high risk to replant at the original location.
- Other areas of risk are also considered where there would be a benefit, for example anti-theft bars to be placed on a window at the Regional Pool, which has been a targeted entry point for thieves.

5...Future Risks and Workstreams

- 5.1 It is anticipated that Trees/Subsidence and Highways claims will continue to form the bulk of the claims work carried out by the Team over the next 12 months. Joint working with these Departments to reduce these risks as far as is possible are already well established.
- 5.2 The services currently being provided by Vivacity coming back to the Council will generate additional work both to put the appropriate insurance policies in place and to deal with claims arising from these services going forward.
- 5.3 It was considered likely that the Whiplash Reform Programme would lead to Solicitors pursuing more unusual types of claim to offset their income loss when the small claims limit is raised, meaning only fixed costs can be recovered by them. As the Reforms have been delayed until at least next year due in part to Covid-19, this is no longer considered to be on the immediate horizon.
- 5.4 The Government's RPA scheme has been extended to include LA maintained schools and therefore our schools will have this additional choice, further to their existing right to insure with any provider of their choosing. It is therefore possible we will lose some schools at next renewal. We will therefore be carrying out additional work to remind the schools of the benefits of remaining with us, alongside the work we are doing to retain Academy schools.
- 5.5 It is possible the Council may receive Covid-related claims. We will liaise with market experts to establish what may be expected and how best to deal with any that arise.

6...Effects of Covid-19

- 6.1 The lockdown commenced in the final month of 2019/20 and therefore there was no significant impact for that financial year. The impact in terms of claims numbers and costs of additional insurances will therefore be considered in the report for 2020/21.

AUDIT COMMITTEE	AGENDA ITEM No. 7
14 SEPTEMBER 2020	PUBLIC REPORT

Cabinet Member(s) responsible:	Cllr David Seaton, Cabinet Member for Finance	
Contact Officer(s):	Peter Carpenter, Acting Corporate Director Resources	Tel. 452520

USE OF CONSULTANTS – UPDATE REPORT

R E C O M M E N D A T I O N S	
FROM : Corporate Director Resources	Deadline date : N/A
<p>1. That Audit Committee consider the update report on the use of Consultants for the financial year 2019/20, and the first four months of 2020/21.</p>	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee following the Sustainable Growth Scrutiny Committee review into Peterborough City Council's use of consultants, the subsequent endorsement of their recommendations by Cabinet, and the agreement of Audit Committee to undertake an on-going monitoring role.

2. PURPOSE AND REASON FOR REPORT

- 2.1 Sustainable Growth Scrutiny Committee recommended that the on-going monitoring role at Member level is undertaken by Audit Committee. Audit Committee considered their approach to this role at their meeting of 26 March 2012. This report is in line with the approach agreed and subsequent updates, and is in accordance with the Committees' Terms of Reference:

- 2.2.1.11 To review any issue referred to it by the Chief Executive or a Director, or any Council body; and
- 2.2.1.15 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. REVIEW OF THE USE OF CONSULTANTS

- 4.1 In March 2010, the Sustainable Growth Scrutiny Committee requested a review into Peterborough City Council's use of consultants. A cross-party review group was established to undertake this work on behalf of the Sustainable Growth Scrutiny Committee.
- 4.2 The report from the Consultancy Review Group was issued in March 2011. Scrutiny also recommended that on-going monitoring of the use of consultants should fall to Audit Committee. Audit Committee considered this role at their meeting of 26 March 2012.
- 4.3 A further report, outlining the information requested, was discussed at the meeting of 5 November 2012. Further updates have been considered at subsequent meetings, continuing the regular reporting to Audit Committee.

4.4 **Use of consultants**

The definition of consultancy is based upon standard procurement classification. As such it covers a wide range of companies and services. Expenditure is included here if it meets the standard classification, irrespective of exactly what services have been provided.

4.5 The spend for the last ten full years, plus in current year to date is shown below.

	Total £m
2009-10	8.5
2010-11	6.4
2011-12	5.4
2012-13	4.3
2013-14	4.5
2014-15	3.1
2015-16	2.5
2016-17	3.0
2017-18	2.4
2018-19	2.7
2019-20	4.5
2020-21 (first 4 months)	0.7

4.6 The spend for 2020-21 was £4.5m. The largest item within this figure is £2.42m spent with Grant Thornton on the council's financial improvement programme. The final position increased compared to the full year estimate for consultants costs of £3.7m reported to the last meeting. This is mainly as a result of commissioning a further £400k of work from Grant Thornton, in connection with the Lean Cost review. Other significant increases include in Adult Social Care, Interim Housing and Financial management, and data centre works for Cambridgeshire County Council, for which recharges have been made. The first 4 months of 2020-21 show costs of £674k.

4.7 The policy agreed by Cabinet and Audit Committee to manage use of consultants, including the need for a business case to be produced, remains in place. The Corporate Management Team has continued to keep spend under review as part of the budget monitoring process.

4.8 A list of companies used for the period 1 April 2019 to 31 March 2020 is included in Appendix 1, and for the period 1 April 2020 to 31 July 2021 in Appendix 2.

Agency

4.9 The Council also employs Agency staff through a number of Contracts. The spend for the past 4 financial years on Agency has been:

- 2016/17 - £6.3m
- 2017/18 - £6.5m
- 2018/19 - £8.8m
- 2019/20 - £6.4m
- 2020/21 first four months - £1.2m

5. CONSULTATION

5.1 Audit Committee considered options for how they wish to monitor use of consultants in the future at their meeting of 26 March 2012. Subsequent discussions at the meetings referred to have refined the information they wish to monitor.

6 ANTICIPATED OUTCOMES

6.1 That Audit Committee consider the update report on the use of consultants.

7 REASONS FOR RECOMMENDATIONS

- 7.1 The recommendations are in line with the recommendations of Scrutiny, and the view of Audit Committee in undertaking this role.

8 ALTERNATIVE OPTIONS CONSIDERED

- 8.1 Audit Committee considered options for how they wish to monitor use of consultants in the future at their meeting of 26 March 2012.

9 IMPLICATIONS

- 9.1 Where appropriate, the policy outlines implications for areas such as Legal, Human Resources, Procurement and Finance.
- 9.2 This report does not have implications for specific wards.

10 BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

- Consultancy Review Report, March 2011;
- Report to Sustainable Growth Scrutiny Committee, 8 November 2011;
- Report to Sustainable Growth Scrutiny Committee, 6 March 2012;
- Reports to Cabinet and Audit Committee 26 March 2012;
- Reports to Audit Committee of 5 November 2012; 4 February 2013;
- Report to Audit Committee of 4 November 2013;
- Report to Audit Committee of 3 November 2014 and supplementary report to Audit Committee of 2 February 2015;
- Report to Audit Committee of 9 November 2015
- Report to Audit Committee of 22 November 2016
- Reports to Audit Committee of 19 November 2018; 11 February 2019
- Reports to Audit Committee of 15 July 2019; 16 September 2019; 18 November 2019; 27 January 2020

11 APPENDICES

- Appendix 1 - list of companies used during the period 1 April 2019 to 31 March 2020 with summary
- Appendix 2 – list of companies used during the period 1 April 2020 to 30 July 2020

2019/20

Appendix 1 - List of companies with Summary

2019/20		
Supplier Name	Initiative	Amount
4OC Ltd	People & Communities Savings programme; Adults Positive Challenge	386,242.75
Airey Consultancy Services Ltd	Council Tax reduction scheme	6,600.00
Allen Lane	HRA accountant / support to Finance change management	118,748.39
Athene Communications	"March Forth" campaign	4,900.00
Cambridgeshire County Council	Adult Social Care consultancy	115,080.64
Campbell Tickell Ltd	Interim Housing Director	66,500.00
CapacityGrid	Empty Homes Review	52,237.58
Capita Business Services Ltd	Capita One YJ Oracle Environment Problem resolution	500.00
CCG	Commissioning Team	12,500.00
CEB Global Ltd	Finance Improvement & delivery of MTFS savings agenda	15,542.47
Crisp, Mr Brian	Complaint Investigation	1,497.50
Eddisons Commercial Ltd t/a Barker Storey Matthews	Fee in relation to lettings support	3,620.00
Fenland District Council	CCTV	33,142.08
Fiona Spinks	GDPR work	30,789.00
Gartner U.K. Limited	Finance Improvement & delivery of MTFS savings agenda	31,930.00
Gerald Eve LLP	Property valuation	7,000.00
Grant Thornton UK LLP	Finance Improvement & delivery of MTFS savings agenda	2,423,126.71
Housing Partners Ltd	Housing ICT system replacement support	12,167.00
Ideagen Gael Ltd	ICT support	1,792.50
Idox Software Ltd	ICT support	475.00
Inform CPI Ltd	RV Finder	29,590.00
J C Associates	Complaint investigation	2,383.15
Lisa Bunyan	Integrated Communities Strategy	19,808.10
Liz Holmes Consultancy	Phonics training (schools standards)	1,024.00
Mark Stephen Land Management	Soil testing	750.00

McClellan, Mrs Hayley	Children's Services Panel	667.70
Mr Andrew Hawes	Literacy training	250.00
Nourish Education Consultancy	SEMH pathway review	10,150.73
NPS Peterborough Ltd	Property Support	142,335.04
Omnico Group UK Limited	ICT support	2,975.00
Paul Stainton Media Ltd	Video production	6,000.00
Penna Plc	Interim Development Director	152,331.51
Perfect Motion	Great Eastern Run	1,250.00
Permanent Futures Ltd	Towns fund bid	11,040.00
PT Consultancy	EU Settlement Scheme support and monitoring	20,000.00
Ray Worsley Education Consultancy	HR Employment related support	2,902.35
Reed Specialist Recruitment Limited	Programme Management Office 158k; BID 120k; Homeless 50 project 62k	340,467.21
Regen Management Consultancy Limited	BID Development	5,500.00
RINA Consulting Ltd	Support related to Empower Loan facility	3,700.00
RJW Associates Ltd	Peterborough Safeguarding Board	31,625.00
Serco Ltd	ICT support 164k; Integrated Communities 25k; 17k other	206,075.75
Skanska	Asset management - target cost audit (Bourges Boulevard & Long Causeway)	3,831.85
South Cambs District Council	Gypsy and Traveller Needs Assessment	4,383.60
Structural Design (Alveley) Ltd	Solar PV	425.00
Tamar Communications Ltd	Finance change management support	74,965.40
Terrier Management Services	Complaint investigation	1,056.10
The Planning Inspectorate	Public Examination of the Peterborough Local Plan	2,969.07
TLT LLP	Legal support regarding accreditation and liability for Climate Change Levy	12,674.00
TMI Systems Ltd	ICT support	395.00
Valuation Office Agency	Viability advice regarding planning application	3,500.00
Vero HR Ltd	HR Employment related support	2,286.90
Vivacity Culture and Leisure	Contribution to 18/19 Penna consultant fees 32k; City of culture consultation	34,178.17
WESTCO TRADING LIMITED	Strategic Communications Support	81,812.50
2019/20 Total for April 2019-Mar 2020		4,537,694.75

2020/21 (1 April – 31 July 2020)

Appendix 2 - List of companies with Summary

2020/21		
Supplier Name	Initiative	Amount
3DReid Birmingham Ltd	Feasibility design city centre regeneration project	9,500.00
Allen Lane	HRA Accountant / support to Finance change management	35,118.57
Arcus Global Ltd	Integration work to the new payment portal	2,709.50
Cambridgeshire County Council	Adult Social Care consultancy 76k; ICT 67k	143,559.58
Campbell Tickell Ltd	Interim Housing Director	53,375.00
Civica UK Limited	Regulatory Services (Taxi) technical support	4,000.00
Eddisons Commercial Ltd t/a Barker Storey Matthews	Viability assessment regeneration project	7,500.00
Gemini Consultants Ltd	Termination of Local Authority Mortgage Administration	645.00
Grant Thornton UK LLP	Financial Improvement Programme, Lean Cost Structure	46,081.97
Housing Partners Ltd	ICT strategy	11,361.50
Idox Software Ltd	Regulatory Services (HMO & Taxi) technical support	900.00
Inform CPI Ltd	RV Finder	700.00
Liz Holmes Consultancy	Phonics training (schools standards)	550.00
NCVO National Council for Voluntary Org.	Commissioning Team	1,250.00
NPS Peterborough Ltd	Property Support	47,436.47
Penna Plc	Interim Development Director	33,881.25
Permanent Futures Ltd	Development consultant for Towns Fund	37,260.00
Quadrant Security Group Ltd	CCTV relocation project	4,830.00
RJW Associates Ltd	Peterborough Safeguarding Board	7,556.64
Serco Ltd	ICT project support	179,623.46
SQW Limited	Advice on structure of investment plan	1,823.00
Tamar Communications Ltd	Finance change management support	36,177.00
Valuation Office Agency	Viability advice regarding planning application	1,000.00
Vero HR Ltd	HR support - Joint Consultative Forum	1,490.00
Vivacity Culture and Leisure	Abortive prior year costs in relation to Great Eastern Run	5,425.00
2020/21 Total for April 2020-July 2020		673,753.94

AUDIT COMMITTEE	AGENDA ITEM No. 8
14 SEPTEMBER 2020	PUBLIC REPORT

Report of:	Fiona McMillan, Director of Law and Governance	
Contact Officer(s):	Philippa Turvey, Democratic and Constitutional Services Manager	Tel. 452460

DECISIONS MADE BY THE SHAREHOLDER CABINET COMMITTEE

R E C O M M E N D A T I O N S	
FROM: <i>Shareholder Cabinet Committee</i>	Deadline date: <i>N/A</i>
It is recommended that Audit Committee note the decisions made by the Shareholder Cabinet Committee as set out in the report.	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee in line with the constitutional requirement for it to consider the performance of the Council's companies alongside comments from the Shareholder Cabinet Committee.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to ensure that the Audit Committee is updated on the work of the Shareholder Cabinet Committee in relation the Council's companies.
- 2.2 This report is for Audit Committee to consider under its Terms of Reference No. 2.2.2.12, "*To consider reports in relation to the performance of the Council's companies, alongside comments from the Shareholder Cabinet Committee.*"

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

Shareholder Cabinet Committee – 24 June 2019

4.1 Shareholder Cabinet Committee – Overview Report

The purpose of this report was to set out the remit and powers of the Committee, to set the initial baselines in terms of financial performance and purpose of the Council companies, partnerships and charities that the Committee has responsibility for, to highlight potential conflicts of interest that Member need to be aware of in order to manage interactions more proactively, and to propose areas to review in more depth at future meetings.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to:

1. Note the remit of the Committee and the base data contained in the report.

2. Approve the guidance note “Guidance for Member & Officers who serve on outside bodies” attached at Appendix K to the report and its circulation to all Members and officers.
3. Approve the work plan for future meetings as set out at paragraph 6.1 of the report.

Shareholder Cabinet Committee – 16 September 2019

4.2 Aragon Direct Services

The purpose of this report was to provide the Shareholder Cabinet Committee with an overview of all the key areas of the contract and of the Key Performance Indicators (KPIs), along with a general update on the mobilisation and performance of each of the departments within the contract.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to note the contents of the report and requested that a further report be provided in 6 months’ time including detail on Aragon Direct Services’ two year plan, plans for income generation, and suggestions as to how the service could be improved.

4.3 NPS Peterborough Limited 2018-19

The purpose of this report was to provide the Shareholder Cabinet Committee to consider and questions officers of the Council and NPS Peterborough Joint Venture Director on the performance of NPS Peterborough during 2018/19.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to:

1. Note the contents of the report and requested that future reports include detail on NPS's strategic plan, targets for growth and where this could be achieved, and suggestion as to how the service could be improved.
2. Request that the Acting Corporate Director of Resources write to the Corporate Management Team to obtain a collective view on the performance of NPS and makes any appropriate recommendations to the Committee as necessary.
3. Recommend that representatives from NPS, Aragon Direct Services and Peterborough City Council's legal, finance and schools teams met to discuss their collective roles and responsibilities. The outcome of this meeting would be communicated to Shareholder Cabinet Committee members prior to March 2020
4. Recommend, once a timeline was available for communication to communities in relation to the end of the community asset transfer programme, that NPS work with Peterborough City Council to formulate a plan for the future.

Shareholder Cabinet Committee – 27 January 2020

4.4 Medesham Homes LLP

The purpose of this report was to provide the Shareholder Cabinet Committee with an update on Medesham Homes activities and achievements and provide an overview of the options under consideration for the future of the company’s operations and governance arrangement.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to:

- Note the progress that has been made by Medesham Homes LLP in delivering affordable rented homes in Peterborough;
- Note that in the near future it will no longer be possible to finance the development undertaken by Medesham Homes from historic right to buy receipts;
- Agree to pursue option 4 as set out in the report for the future operation of the company for discussion and agreement with the Council's JV partner and request that Medesham Homes LLP's existing Business Plan be circulated to Shareholder Cabinet Committee members

4.5 Empower Peterborough

The purpose of this report was to provide an overview of the Empower Peterborough project and an update on the progress of the loan re-financing to a long-term funder.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to note the contents of the report.

Shareholder Cabinet Committee – 2 March 2020

4.6 Peterborough Investment Partnership

The purpose of this report was to provide the Shareholder Cabinet Committee with a position update on one of the Council's joint venture delivery companies, the Peterborough Investment Partnership.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to:

1. Note the contents of the report.
2. Support the Council's continued involvement in the now-proven model of the Peterborough Investment Partnership as outlined in the report, including re-affirming the Council's commitment to the original objectives as set out in 4.1.3 of the report.
3. Delegate authority to review and if necessary, update the members agreement for the Peterborough Investment Partnership to the Executive Director Place and Economy in consultation with the Director of Law and Governance and the council's s.151 Officer.
4. Agree that the Executive Director Place and Economy draft a press release detailing the success of the Peterborough Investment Partnership Fletton Quays project for publication.

4.7 Peterborough Limited Business Plan 2020-2023

The purpose of this report was to seek approval from the Shareholder Cabinet Committee to recommend the revised Peterborough Limited Business Plan 2020-2023 to Cabinet, and to approve the revised Peterborough Limited Procurement Strategy and Contract Rules.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to:

1. Recommend to Cabinet the revised Peterborough Limited Business Plan 2020-2023 as set out in Appendix 2 of the report for approval.
2. Approve the revised Peterborough Limited Procurement Strategy and Contract Rules as set out in Appendix 3 of the report.
3. Endorse the actions set in section 4.26 to 4.34 of the report and section 6 of Appendix 2 of the report, for the Council and Peterborough Limited to work together to fulfil the ambitions of the Cabinet Reports of 17 December 2018 and 11 June 2018.
4. Note the financial position of Peterborough Limited as set out in the report and endorse Peterborough Ltd becoming the service provider of choice for managing and delivering the property and professional service related elements of the PCC capital programme, with a ringfence delivery fund of £15 M in 2020
5. Approve the revision of Peterborough Limited list of Reserved Matters as set out in Appendix 4, subject to the addition of "exceeding £25,000" to point 14 and point 21.
6. Request an update report return to the Shareholder Cabinet Committee in nine months' time.

4.8 NPS Peterborough Update

The purpose of this report was to provide the Shareholder Cabinet Committee with an update on work being undertaken with NPS Peterborough.

The Shareholder Cabinet Committee considered the report and **RESOLVED** to:

1. Note the contents of the report.
2. Request that a further report be provided to the Shareholder Cabinet Committee in September 2020 including the NPS Peterborough Business Plan, a strategic overview from NPS Peterborough, and an update on the progress made following the recommendations set out with the report.

5. **CONSULTATION**

5.1 None taken, as the report is to note.

6. **ANTICIPATED OUTCOMES OR IMPACT**

6.1 That Audit Committee note the report.

7. **REASON FOR THE RECOMMENDATION**

7.1 To ensure that Audit Committee is aware and familiar with the recent decisions made by the Shareholder Cabinet Committee.

8. **ALTERNATIVE OPTIONS CONSIDERED**

8.1 To not provide the information to Audit Committee – this would not align with the requirements set out within the Council's constitution.

9. **IMPLICATIONS**

9.1 As this report is for the Audit Committee to note there are no financial, legal, equalities, or carbon impact implications to consider.

10. **BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 Shareholder Cabinet Committee Minutes:

- 24 June 2019
- 16 September 2019
- 27 January 2020
- 2 March 2020

11. **APPENDICES**

11.1 None.

AUDIT COMMITTEE	AGENDA ITEM No. 11
14 SEPTEMBER 2020	PUBLIC REPORT

Report of:	Councillor Over, Chair of Audit Committee	
Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Finance	
Contact Officer(s):	Dan Kalley, Senior Democratic Services Officer	Tel. 296334

FEEDBACK REPORT

R E C O M M E N D A T I O N S
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> Note the Feedback Report and work completed since the last meeting

1. ORIGIN OF REPORT

1.1 This is a standard report to Audit Committee which forms part of its agreed work programme.

2. PURPOSE AND REASON FOR REPORT

2.1 This standard report provides feedback on items considered or questions asked at previous meetings of the Committee. It also provides an update on any specific matters which are of interest to the Committee or where Committee have asked to be kept informed of progress.

3. IMPLICATIONS

Financial Implications

3.1 There are none.

Legal Implications

3.2 There are none.

Equalities Implications

3.3 There are none.

4. APPENDICES

4.1 Appendix A - Feedback report

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AUDIT COMMITTEE: RECORD OF ACTION TAKEN

MUNICIPAL YEAR: MAY 2020 - APRIL 2021

AGENDA ITEM	ACTION ARISING	OFFICER RESPONSIBLE	ACTION TO BE TAKEN	COMPLETED
Draft Statement of Accounts	The Acting Corporate Director of Resources agreed to source and circulate information on how many homes had been provided with the £12m spend by Medesham Homes.	Pete Carpenter	Briefing note to be circulated	Ongoing
Draft Statement of Accounts	The Acting Corporate Director of Resources agreed to correct the public record of the agenda Page 12 Item 4.13 on pension liability.	Dan Kalley	Report republished	Yes, there was a formatting issue within the report which has now been resolved.
Audit Committee Effectiveness	The Chief Internal Auditor agreed to circulate the schedule of reports to Members and Democratic Services.	Steve Crabtree	Circulate to members and Dem Services	Will be ongoing
Audit Committee Effectiveness	The Chief Internal Auditor agreed to circulate details of a similar audit conducted at another LA on a skills audit of committee members.	Steve Crabtree	To be produced and circulated	Ongoing

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AUDIT COMMITTEE	AGENDA ITEM No. 12
14 SEPTEMBER 2020	PUBLIC REPORT

Report of:	Councillor Over, Chair of Audit Committee	
Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Finance	
Contact Officer(s):	Dan Kalley, Senior Democratic Services Officer	Tel. 296 334

WORK PROGRAMME 2020/21

R E C O M M E N D A T I O N S
<p>It is recommended that the Audit Committee:</p> <ol style="list-style-type: none"> Notes and agrees the Work Programme for the municipal year 2020/21.

1. ORIGIN OF REPORT

1.1 This is a standard report to the Audit Committee which forms part of its agreed work programme. This report provides details of the Draft Work Programme for the following municipal year.

2. PURPOSE AND REASON FOR REPORT

2.1 The Work Programme is based on previous year's agendas. The programme can be refreshed throughout the year in consultation with senior officers and the Committee membership to ensure that it remains relevant and up to date. In addition, any delays in reporting issues are recorded so that they do not drop off the committee agenda.

2.2 Training for members on specific aspects of the Audit Committee agenda are available throughout the year and will be arranged on request and will take place on a separate day to that of the committee meeting.

3. IMPLICATIONS

Financial Implications

3.1 There are none

Legal Implications

3.2 There are none

Equalities Implications

3.3 There are none

4. APPENDICES

4.1 Appendix A - Work Programme 2020/21

APPENDIX A

DATE: 14 SEPTEMBER 2020			
		Section / Lead	Description
	Investigations Team Report 2019/20	Steve Crabtree Internal Audit	
	Insurance Team Report 2019/20	Steve Crabtree Internal Audit	
	Use of Consultants	Finance Pete Carpenter	To receive an update on the use of Consultants
	Annual Audit report	Dan Kalley Dem Services	
	INFORMATION AND OTHER ITEMS		
	Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required. To also include the outcome of a recent Surveillance Commission Inspection.
	Approved Write-Offs Exceeding £10,000 - None	Finance Pete Carpenter	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
	Feedback report	Democratic Services Dan Kalley	
	Work Programme 2019 / 2020	Democratic Services Dan Kalley	

DATE: 16 NOVEMBER 2020

	Section / Lead	Description
Internal Audit: Mid Year Progress Report	Internal Audit Steve Crabtree	To receive an update on progress against the Annual Audit Plan together with details of any concerns
Treasury Management Strategy	Finance Pete Carpenter	
Audit Committee start times 2021/22	Dan Kalley Democratic Services	Committee to agree it's start times for the municipal year 2021-22
External Audit: Annual Audit Letter	EY	To receive and approve the External Annual Audit Letter identified as part of their audit works
INFORMATION AND OTHER ITEMS		
Use of Consultants	Finance Pete Carpenter	To receive an update on the Use of Consultants across the organisation
Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required.
Approved Write-Offs Exceeding £10,000	Pete Carpenter	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
Feedback report	Democratic Services Dan Kalley	
Work Programme 2020 / 2021	Democratic Services Dan Kalley	

DATE: 25 JANUARY 2020

	Section / Lead	Description
Internal Audit: Approach to Audit Planning	Internal Audit Steve Crabtree	To receive a report on the approach to Audit Planning
National Fraud Initiative: Investigating Allegations of Fraud	Internal Audit Steve Crabtree	To receive a report setting out the latest outcomes in relation to tackling fraud and corruption through the National Fraud Initiative and future activities to protect the public purse
Use of Consultants	Finance/HR Pete Carpenter	To receive an update on the use of consultants and agency staff
Treasury Management Strategy	Finance Pete Carpenter	
Asset Management Strategy	Finance Pete Carpenter	
INFORMATION AND OTHER ITEMS		
Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required.
Approved Write-Offs Exceeding £10,000	Finance Pete Carpenter	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
Feedback report	Democratic Services Dan Kalley	
Work Programme 2020 / 2021	Democratic Services Dan Kalley	

DATE: 22 MARCH 2020

	Section / Lead	Description
Draft Annual Audit Committee Report	Democratic Services Dan Kalley	To receive the Draft Annual Audit Committee Report prior to submission to Council
Internal Audit: Draft Internal Audit Plan 2021 / 2022	Internal Audit Steve Crabtree	To receive and approve the Internal Audit Plan 2020 / 2021
Risk Management: Strategic Risks	Governance Pete Carpenter	To receive an update on the strategic risks for the Council
INFORMATION AND OTHER ITEMS		
Use of Consultants	Finance Pete Carpenter	To receive an update on the Use of Consultants across the organisation
Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required.
Approved Write-Offs Exceeding £10,000	Pete Carpenter	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
Feedback report	Democratic Services Dan Kalley	

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