



**Compliance Team
Annual Report
2011/2012**

1 Introduction

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

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

The Council has a dedicated team, which considers all allegations of fraud and financial irregularity. From 1st April 2011, the team became part of the new Governance Team, which comprised the former Democratic Services, Chief Executive's Outer Office and Compliance and Ethical Standards Team. This report details progress and performance in all areas of the Compliance Team's work during 2011/12.

2 Quantity of Fraud

According to last figures issued by the National Fraud Authority, fraud costs the UK over £73 billion a year. Loss estimates to fraud by sector are:

- Public - £20.3 billion
- Private - £45.5 billion
- Individuals - £6.1 billion
- Not for profit - £1.1 billion

In terms of local issues which have affected Peterborough City Council, an example is outlined below:



A woman was prosecuted for using her father's Blue Badge to park in a disabled bay at the rear of the Town Hall. The Compliance Team investigated this allegation as a result of a referral from a member of the public, who believed the driver was abusing the Blue Badge scheme. The woman concerned was interviewed under caution and subsequently prosecuted for the misuse. The woman was subsequently fined £235, ordered to pay costs of £250 and a victim surcharge of £15.

Blue Badge fraud is considered to be an emerging threat within the public sector and the entire Blue Badge service was moved to the Compliance from 1st April 2010. This move has ensured a robust approach has been adopted not only at the enforcement stage of the process but during the award stage of a Blue Badge, when fraud is often perpetrated. The service intends to use

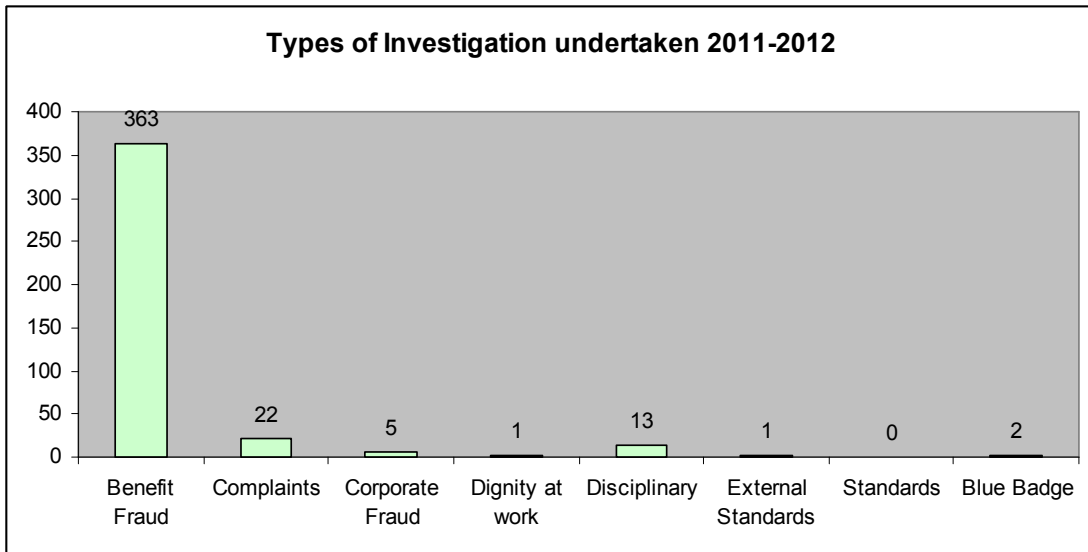
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independent assessors for those applicants who qualify for a badge after a medical assessment in line with Department for Transport best practice. We will continue to investigate allegations of misuse of badges or abuse of the scheme and prosecute where appropriate.

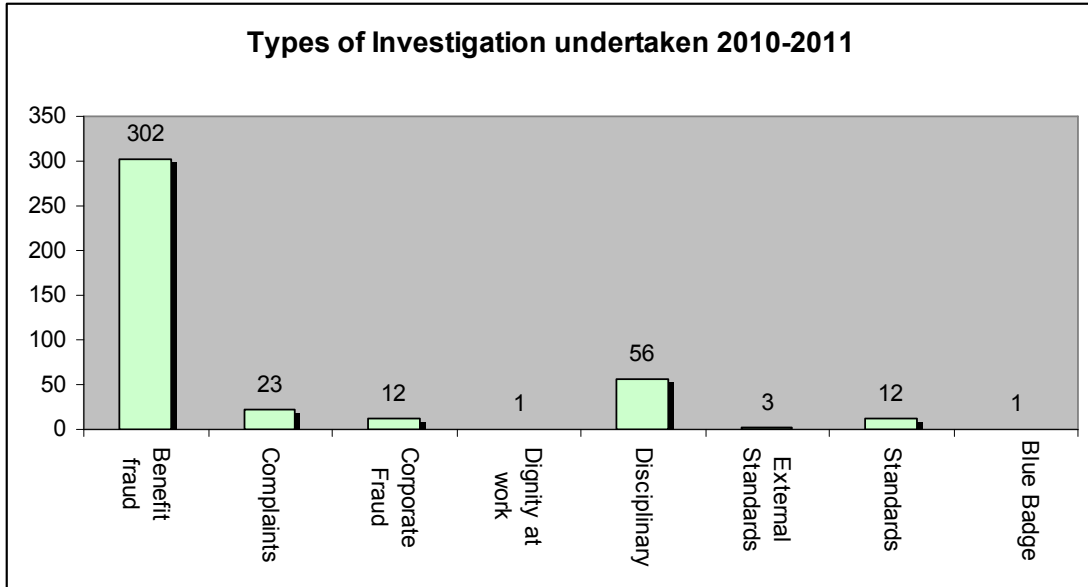
During 2011/2012, the Compliance Team received details of seven potential fraud or financial irregularities for investigation, all seven cases (five corporate fraud and two Blue Badge) proceeded to a full investigation. This represents a decrease in referrals from 13 in 2010/2011. The investigations of the Corporate Compliance team are shown in specific categories for the year.

Additionally, 970 allegations of benefit fraud were received as opposed to 755 in 2010/2011. 363 were investigated following a strict risk assessment, which allows priority to be given to the most serious cases. 173 cases resulted in a positive outcome which shows that the team have a 47% success rate in the investigations carried out. This is a slight decrease on last year however the team is still close to achieving a positive outcome in around one in two cases.

Types of investigations undertaken during 2011/2012 are detailed in the chart below:

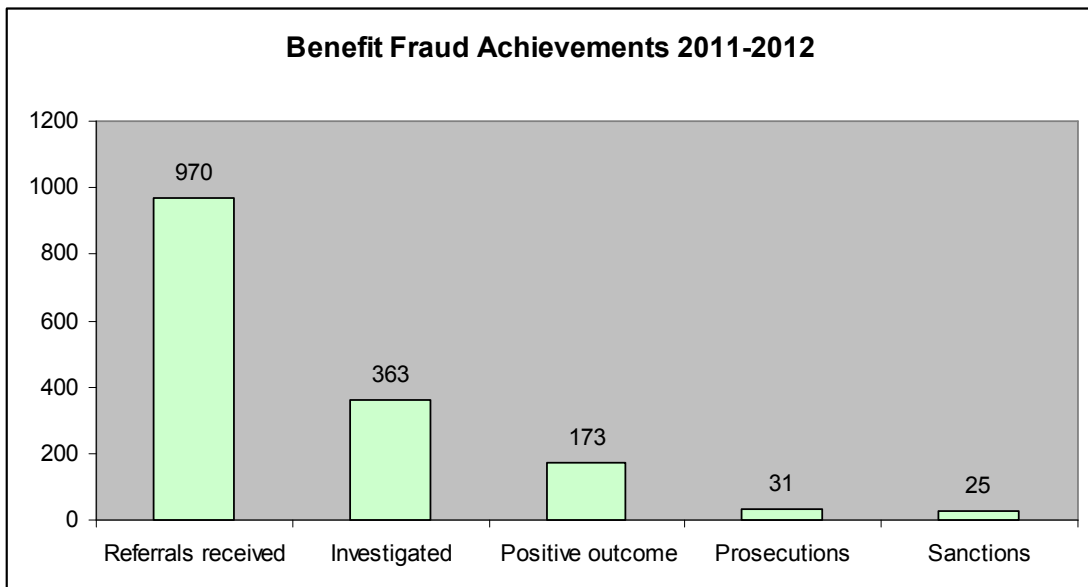


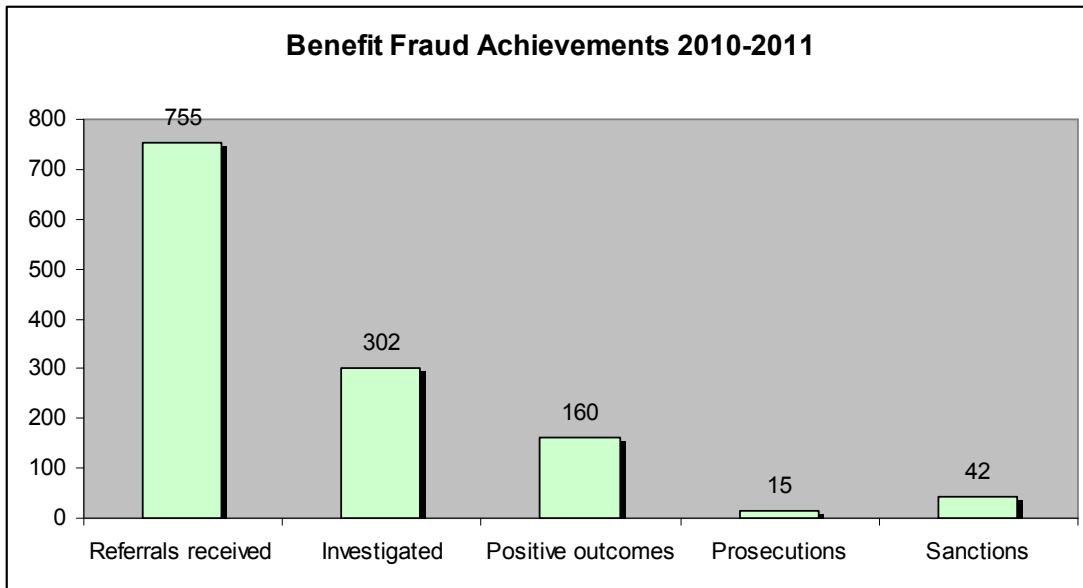
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4 Housing and Council Tax Benefit

Benefit fraud will always be the greatest risk faced by local authorities owing to the high volumes of payments and complexities of legislation. The Compliance Team continue to work closely with the Benefits Service to reduce the incidence of fraud and error entering the system. The chart below highlights the success of the team in 2011-2012:



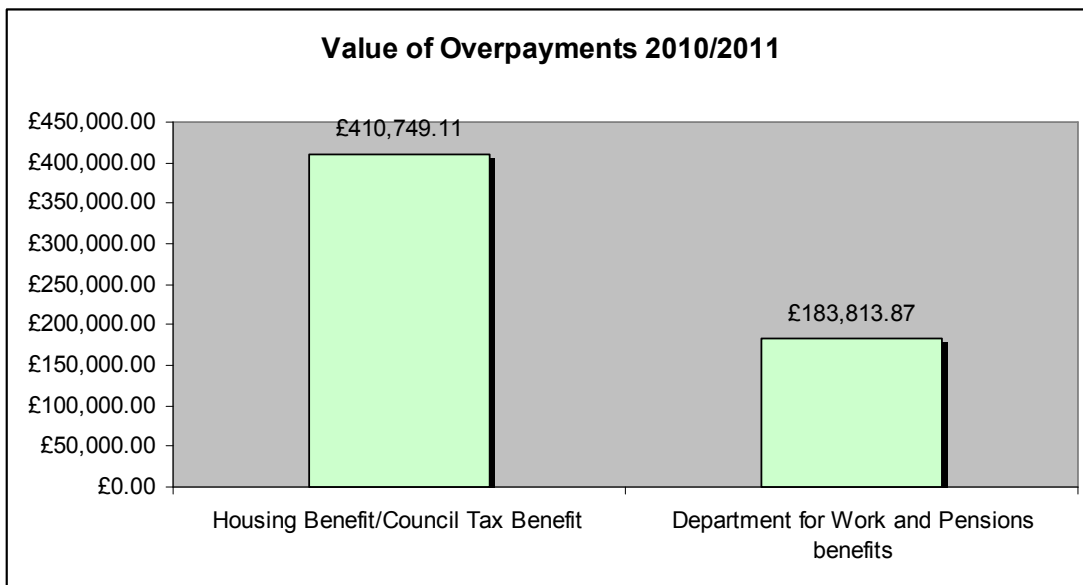
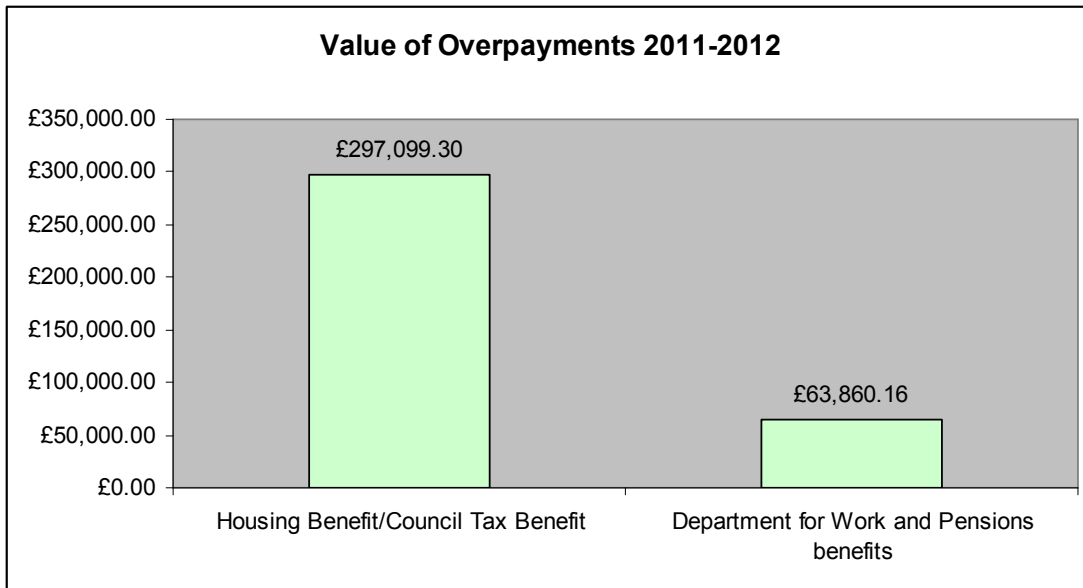


There was a decrease in the number of cautions and administrative penalties this year however the team has doubled the number of people successfully prosecuted this year. A prosecution is the most visible of all the sanctions available to the team and each prosecution will be publicised. This approach 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.

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

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

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There has been a decrease in the values of overpayment from this year of both Housing Benefit and Council Tax Benefit as well as benefits paid by the DWP. However this can in part be due to some large cases in 2010-2011, an example is that two cases from 2010-2011, the DWP alone had a combined overpayment of £174,252.35.

An example of a successful investigation is outlined below:



A customer obtained over £44,000 in Housing Benefit, Council Tax Benefit and Income Support by failing to notify Peterborough City Council and the Department for Work and Pensions that her partner was living with her. An investigation led by Peterborough City Council established that the partner had been living with the customer for four years. The case was referred for prosecution with the customer pleading guilty to charges of failing to declare a change of circumstance. She was sentenced to eight months imprisonment with immediate effect. She will also have to repay the overpaid benefits she received as a result of her actions.

5 National Fraud Initiative

In January 2011, the Audit Commission released their latest National Fraud Initiative matches in respect of Council data, which had been matched against a number of public sector agencies such as central government and local government. A number of cases of previously undeclared occupational pensions have been investigated and one match has led to a prosecution following the uncovering of just over £16,000. In February 2012, a further data match was released which matched properties where a Council Tax single person discount is place but there are more than one person named on the Electoral Register. The matches will continue to be investigated and the appropriate action taken in respect of anyone found to have received a discount to which they were not entitled.

6. Electoral Integrity Initiative

The Chief Executive has continued to make it a priority to take strong and effective action to counter electoral fraud in Peterborough. The Head of Governance is a member of the Council's Election Working Group and joins other key officers and stake-holders to maintain a robust stance against abuse of the system. This approach continues to include the introduction of a new Register of Electors on an annual basis with no carry forward of names; the use of identify checks for all persons seeking to be added to the Register after the annual canvass; recording of unique reference numbers and a publicity campaign to alert the public to potential abuse and internal databases continue to be matched to provide a list of properties where occupancy is high.

The National Fraud Initiative matches between the Council Tax and the Electoral Register referred to above also helped identify 90 children who had been entered onto the register following their incorrect inclusion on the registration forms. These 90 were removed ahead of the 2012 local elections.

During three weeks of February 2012, officers visited 262 such properties and confirmed the names and identities of the occupants. These visits identified

over almost 284 adults for the purposes of the Electoral Register. 242 occupants who were not available at any of the three visits to each property were invited to attend Review Hearings where they can tender documentary evidence to support their registration details.

A strong partnership approach between Peterborough City Council and Cambridgeshire Constabulary has also continued to thrive with both organisations holding regular meetings and sharing good practice. Between January 2012 and May 2012, 130 incidents were recorded on the electoral integrity log with 20 matters investigated by the Police. A number of these resulted in evidence being sent for forensic testing, suspected identified and arrests made. The Compliance Team will investigate over 80 incidents where there are discrepancies in benefit claims or in Council Tax discounts.

7. Publicity

The Compliance Team is maintaining the publication of all cases where prosecution has been the appropriate outcome. 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.

8. Other Investigations

A number of other investigations have been undertaken by the team during 2011/2012:

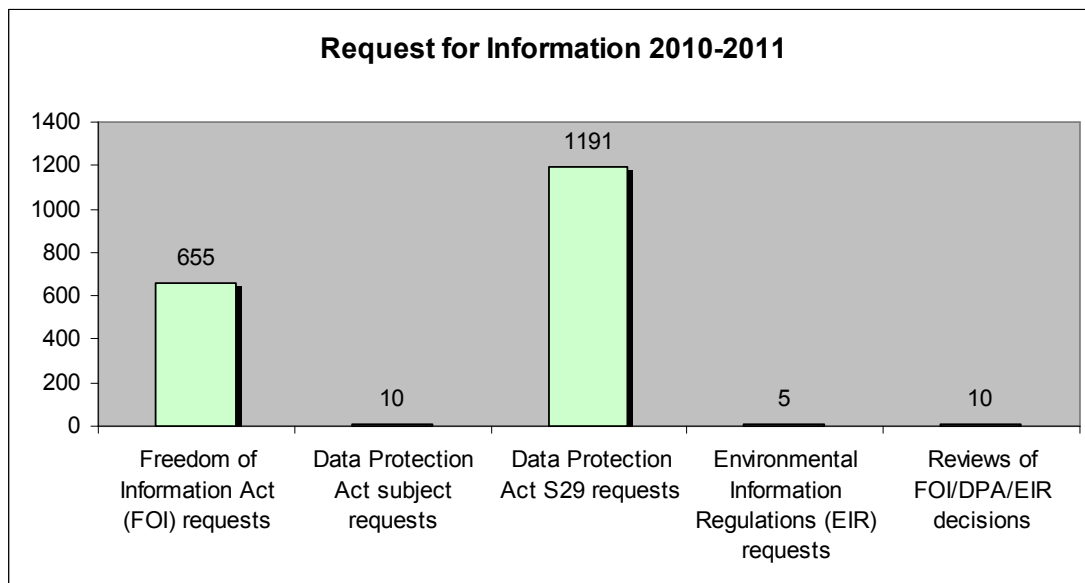
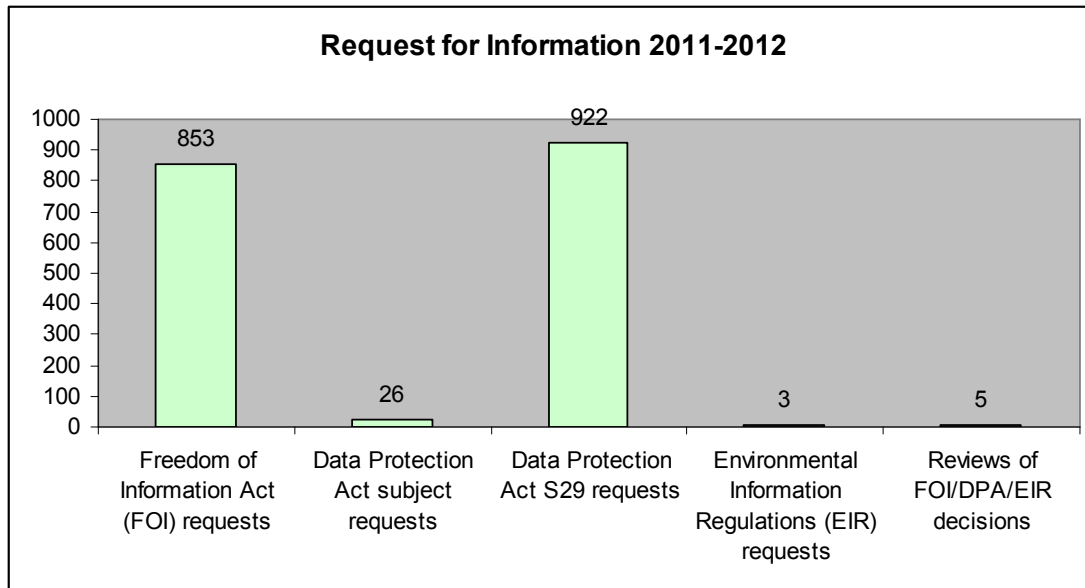
- Disciplinary Cases: 13 cases of alleged disciplinary breaches were investigated. The results of these include one dismissal, four final written warnings, three written warnings, one verbal warnings and one resignation.
- Stage III Complaint Investigations: 22 were undertaken which is a slight decrease on the 23 investigated by the team in 2010/2011.
- Standards Investigations: only one external standards case was investigated during 2011/2012 which as in previous years was on a fee-earning basis. The team continues to operate a service to other Councils and is generating a modest income from this work.

During 2011/2012 the Team has received a number of compliments on the high standard of their work from Directors, Chairs of Committees and Clients.

9. Information Management

The Council (through the Compliance Team) received the following requests for information during 2011/2012:

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This illustrates another increase in Freedom of Information Act requests with a slight decrease in Data Protection Act subject access requests and EIR requests. There has also been a decrease in the number of reviews of decisions required. The Compliance Team has also taken on all requests for information under Section 29 of the Data Protection Act to ensure that any information provided is done so following a request made in the correct manner.

8 Conclusion

Counter fraud activity remains a priority for the Council and there continues to be a successful approach to dealing with this risk. The Compliance Team has established itself as a centre of professionalism and is recognised as such by external authorities. Frequent commissions to undertake external investigations for both standards and disciplinary matters are testament to the success and professionalism of the team.

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Benefit fraud continues to be a significant fraud issue facing the Council in terms of both financial value and workload. The team continues to build upon its excellent status and also to expand its expertise into other areas of fraud such as housing applications and Blue Badges. We continue to review all working practices regularly to ensure optimum efficiency.

The Information Management function has continued to see an increase in the number of FOI requests and the appointment of a new Information Specialist in 2011-2012 as well as a review of working practices should ensure that the team continues to meet demand.