



**Investigation Team
Annual Report
2008/2009**

1 Introduction

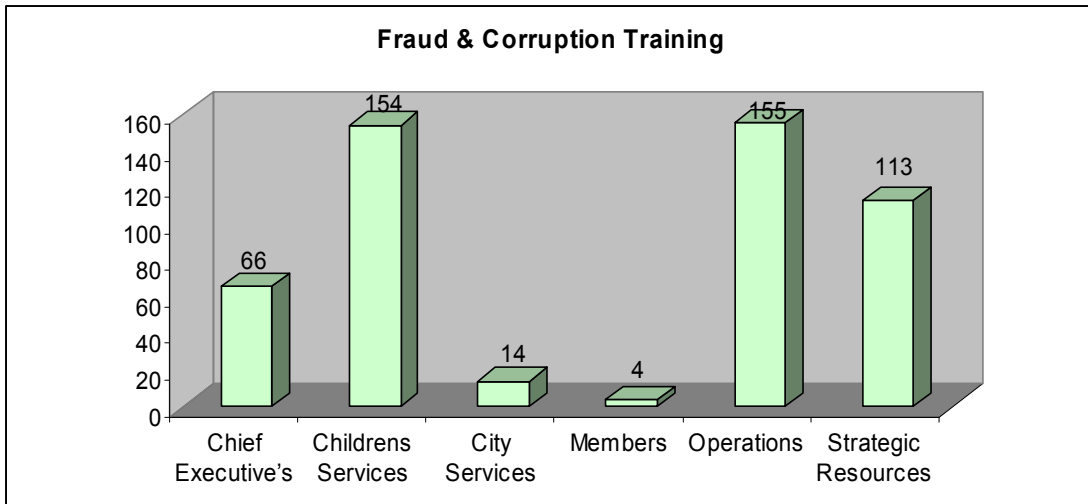
Peterborough City Council, in common with all other public bodies, has a duty to protect the public purse. The purpose of this report is to provide an overview of general and specific fraud issues that are of relevance to Peterborough City Council. Given the size and complexity of the Council we must 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.

As well as outlining the work done by the Investigation Team to investigate allegations of fraud received, the report also covers our work in the investigation of other matters, such as disciplinary breaches and Complaints Stage III referrals. The report also includes reference to the Information Management function, which has been an integral part of the Investigation Team since 2008.

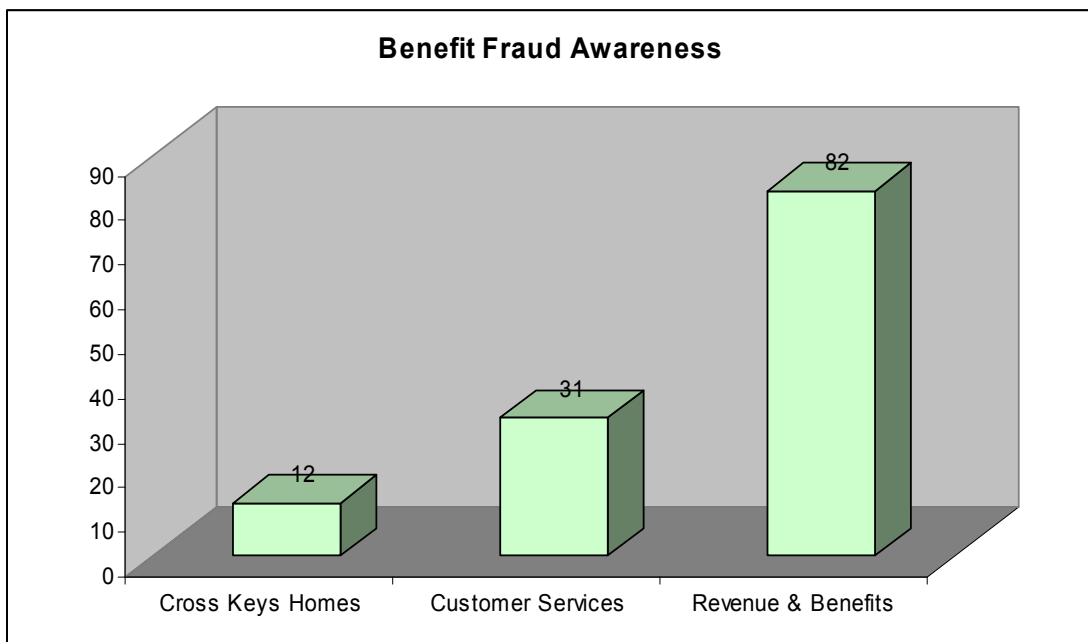
2 Raising Awareness

The results of investigations triggered by specific referrals may identify business areas in which controls need to be strengthened and where managers should improve the monitoring of systems and staff. The Investigation Team continues to work closely with colleagues in the Internal Audit department to address these issues on an ongoing basis.

An innovative approach to fraud training has been developed during 2008/2009. 'Focus on Fraud and Corruption' is an e-learning solution that quickly and cost effectively raises the awareness of Local Authority staff to the threats of fraud and corruption. This product was jointly developed by a project group of eight Local Authorities, including Peterborough, who worked alongside the lead private sector company, Meritec. The end product is a training module, which contains several chapters of generic content plus specific references to local issues and is securely hosted by Meritec's web server. This allows unrestricted access by users 24 hours a day. The training commenced with a roll-out to all officers and members with access to a PC during March 2009. Results to date are detailed in the table below. Further training to those who do not have access to a computer will be arranged during the third quarter of 2009.



The Benefit Fraud team continue to deliver e-learning training to all staff who are involved in front-line benefit delivery. Take-up is 100% as the table outlines below:



3 Quantity of Fraud

According to the Attorney General, Baroness Scotland QC, fraud costs the UK £14 billion a year – this equates to £231 per person per year. A National Fraud Strategy has been developed to protect and support consumers and businesses and create a hostile environment for fraudsters. Local Government representatives are involved in developing this strategy alongside colleagues from the private sector.

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

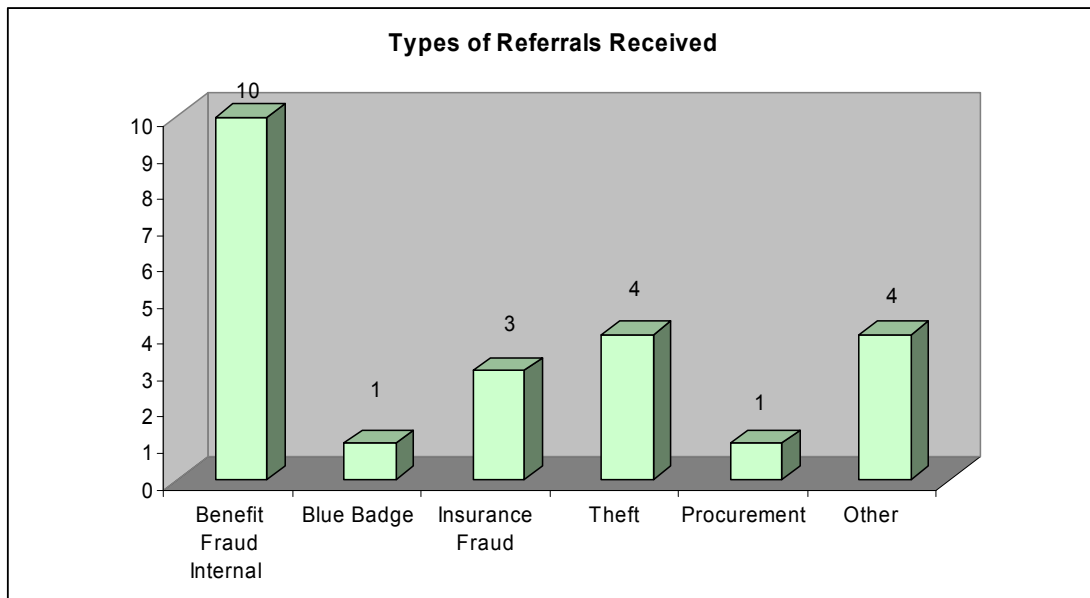


A woman continued to park illegally using a Blue Badge, which had been issued to her dead Mother. The fraud was identified by a Parking Officer and then referred to the Investigation Team. The woman refused to attend interviews at the Town Hall to discuss the matter and instead, returned the Blue Badge, which had been torn to shreds. The offence was reported to the Police and the lady was prosecuted and banned from driving for three weeks. She was also ordered to pay costs and a fine. The outcome was published in the local press and generated a number of messages in support of the Council's action. This demonstrated that a clear message had been delivered to the community and to any potential offenders.

During 2008/2009, the Investigation Team received details of 23 potential fraud or financial irregularities for investigation, all 23 cases proceeded to a full investigation. Additionally, 824 allegations of benefit fraud were received.

All referrals are subject to a risk assessment to allow priority to be given to the most serious cases.

Although it is the nature of fraud that no two cases are the same there are some common issues between different cases. Types of investigations undertaken during 2008/2009 are detailed in the chart below:

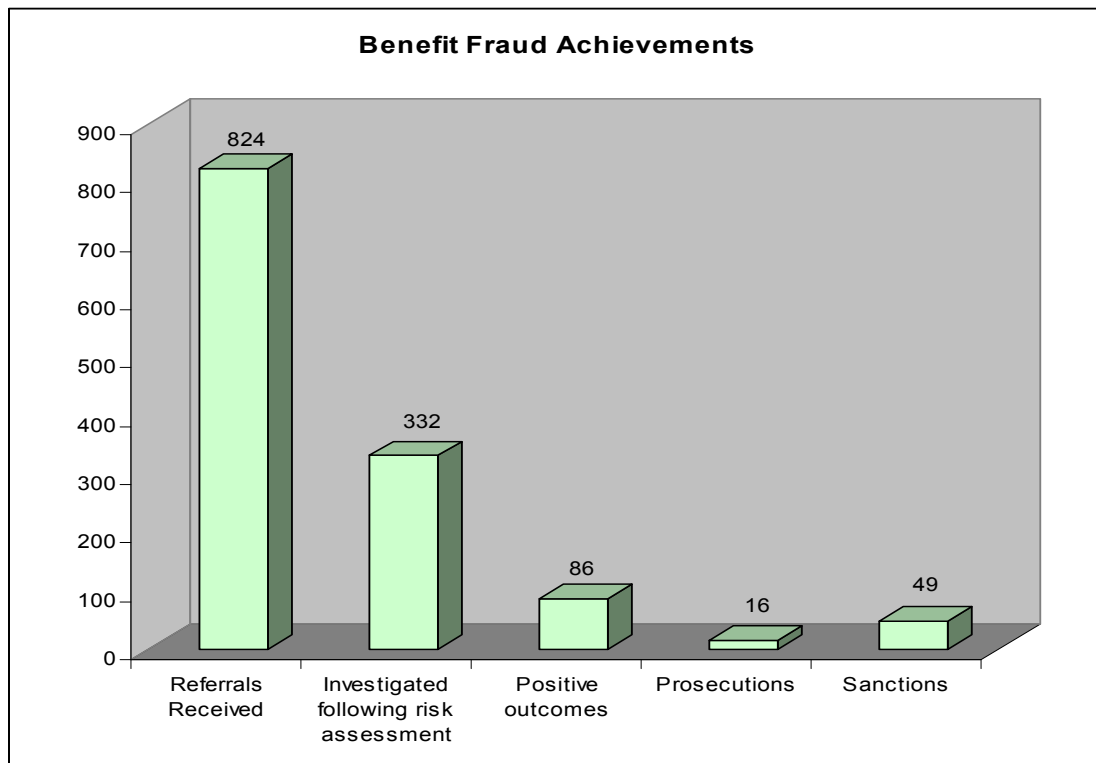


During 2008/2009, one case of corporate fraud was referred to the Police. The perpetrator, who altered the expiry date of her dead Mother's Blue Badge and then continued to use it, pleaded guilty to dishonestly making a false representation, intending to make a gain. A 21-day driving ban was imposed and the perpetrator was also fined £150. Costs and a surcharge were also levied. One case of internal benefit fraud resulted in a financial penalty, which

is an alternative means of disposal. Five internal benefit cases are still under investigation.

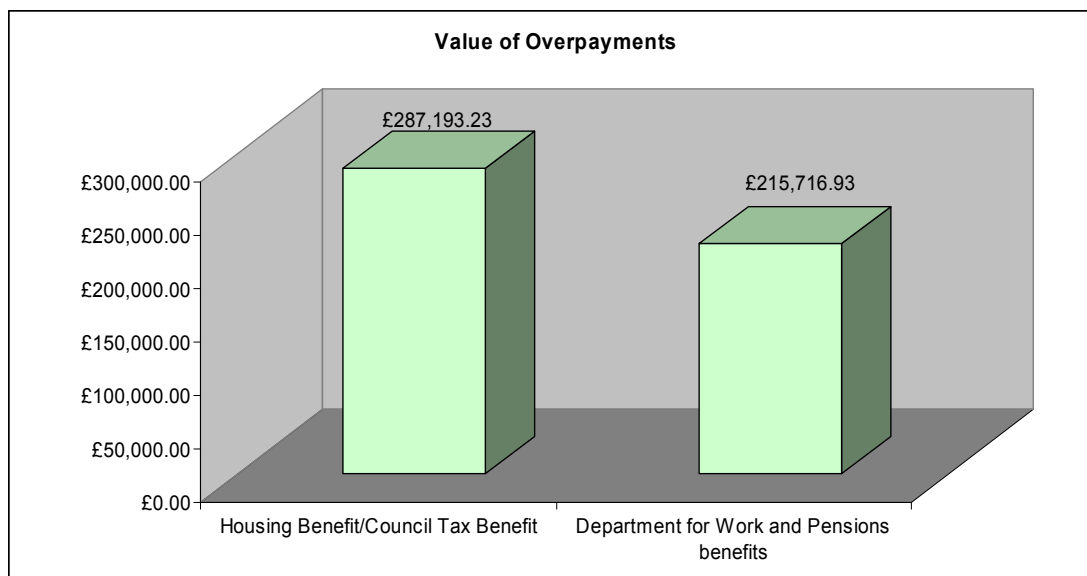
4 Housing and Council Tax Benefit

Benefit fraud will always be the greatest risk faced by local authorities owing to the high volumes of payments and complexities of legislation. We Investigation Team work closely with the Benefits Service to reduce the incidence of fraud and error entering the systems. The chart below highlights the success of the team in 2008/2009:



It is important to note that referrals that do not qualify for investigation after the risk assessment process are not ignored; these cases are either referred to our colleagues in the Department for Work and Pensions or referred internally to our colleagues in the Benefits Visiting Team.

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



A resident fraudulently obtained more than £3,500 in Council Tax Benefit by claiming that his Mother was the liable person for Council Tax as the owner of the 'claim' property. The Mother's circumstances meant that she was entitled to claim benefit. An investigation established that the Son was in fact the owner and had lived there throughout the duration of the claim to benefit. The case was referred for prosecution and the man pleaded guilty to obtaining a pecuniary advantage for himself through deception. He was sentenced to complete 120 hours of community service, ordered to pay £70 costs and ordered to repay the outstanding balance to Peterborough City Council. This has now been repaid in full.

5 National Fraud Initiative

In February 2009 we received the results of the Audit Commission's national data matching exercise, which was carried out on data provided in October 2008. Data relating to housing benefit claimants, payroll (including the pension's payroll), Blue Badges and other data sets were matched both within and between authorities. Work is currently underway to investigate the matches that have identified irregularities.

The Audit Commission has published results of their 2006/2007 exercise. Fraud and overpayments detected were valued at £140 million. Their conclusion is that fraud is not necessarily on the increase, but that departments are becoming more successful in uncovering it.

6. Electoral Anti Fraud Initiative

During the Local Elections of 2008, the Chief Executive made it a priority to take strong and effective action to counter electoral fraud in Peterborough. The Fraud and Investigation Manager joined forces with other key officers and stake-holders to introduce a number of key initiatives to prevent any abuse of the system. The management team's approach included the introduction of a new Register of Electors 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. Internal databases were also matched to provide a list of properties where occupancy was high. These properties were visited and details verified. Occupants who were not available during visits were invited to attend Review Hearings where they could tender documentary evidence to support their registration details. The final stage of this initiative involved a strong partnership approach between Peterborough City Council and Cambridgeshire Constabulary. A shared commitment to minimising the risk of electoral fraud resulted in the removal of a substantial number of persons from the Electoral Register due to non residency. Further benefits included the identification of 82 unlicensed houses in multiple occupation and positive engagement with local residents with the promotion of greater awareness of the importance of local democracy. This approach has been recognised nationally with the Council being short-listed for an innovation award at the Local Government Chronicle Awards in March 2009.

The Investigation Team were also proactive in the Postal Vote opening exercise during 2008 and will continue to be seconded to this role for future elections.

7. Publicity

The Investigation Team has continued to publicise all cases where prosecution has been the appropriate outcome. This approach sends out a strong message of assurance to the residents of Peterborough. As a result of one such case, the Fraud and Investigation Manager appeared on the ITV programme 'Tonight' and was featured discussing a case where a resident was prosecuted by Peterborough City Council and imprisoned for attempting to defraud the Council through a bogus insurance claim.

8. Other Investigations

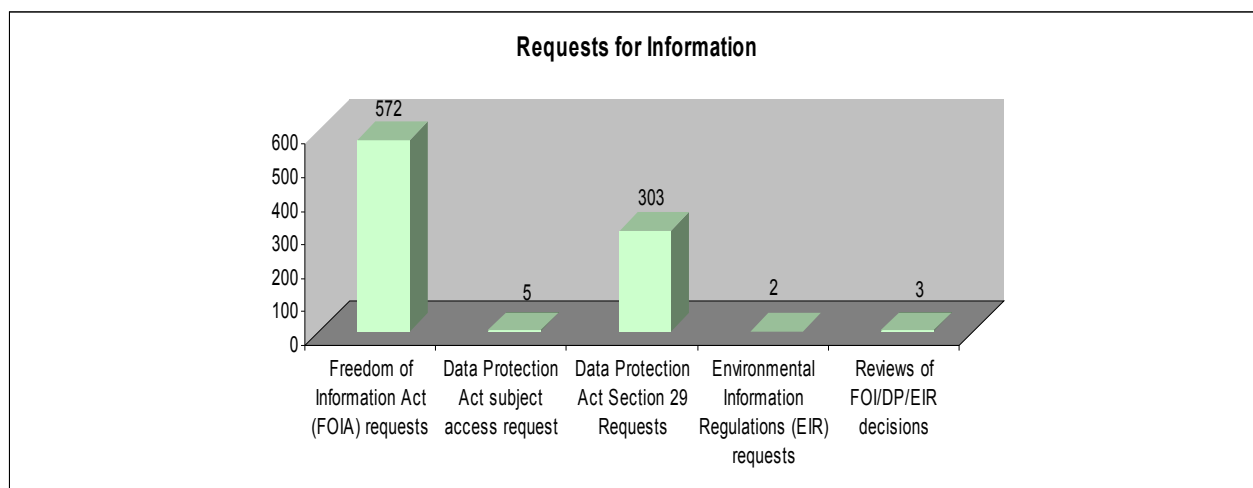
The Investigation Team have undertaken a number of other investigations during 2008/2009. They have dealt with 52 cases of alleged disciplinary breaches, 18 Stage III Complaint investigations and 10 Standards investigations, including external cases on a fee-earning basis. Additionally, they have been required to investigate complex grievance cases when resources within service areas have been limited.

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The Team have received numerous compliments on the high standard of their work from Directors and Chairs of Committees.

9. Information Management

The Investigation Team received the following requests for information during 2008/2009:



This illustrates a substantial increase in Freedom of Information Act requests since 2006/2007 (227 in 2006/2007, rising to 320 in 2007/2008). The increase is due, in part, to the escalation of enquiries from the Media.

8 Conclusion

Counter fraud activity remains a priority for the Council and there have been some notable successes in dealing with issues. The Investigation Team has developed to become a centre of professionalism and is recognised as such by external Authorities.

Benefit fraud continues to be a significant fraud issue facing the Council in terms of both financial value and workload. The Investigation Team have retained a score of 4 (Excellent) under the Comprehensive Performance Assessment for the delivery of their service for the third year running.

The Information Management function has experienced set-backs as a result of staffing changes. However, the service is being streamlined to become fit for purpose and an investment in IT solutions will ensure all requests are handled efficiently and effectively. Increases in the use of this service will continue to be monitored.