

Appendix A

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	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>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 where 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.