



APPENDIX A

**Compliance and Ethical Standards
Team
Annual Report
2009/2010**

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 a dedicated team, which considers all allegations of fraud and financial irregularity. During 2009/2010, the team underwent a restructure and as a result, changed its name to the Compliance and Ethical Standards Team; this name more accurately reflects the full responsibility of the team in that it investigates a wide range of issues but also delivers the Information Management function on behalf of the Council. This report therefore details progress and performance in all areas of the Compliance and Ethical Standards Team's work.

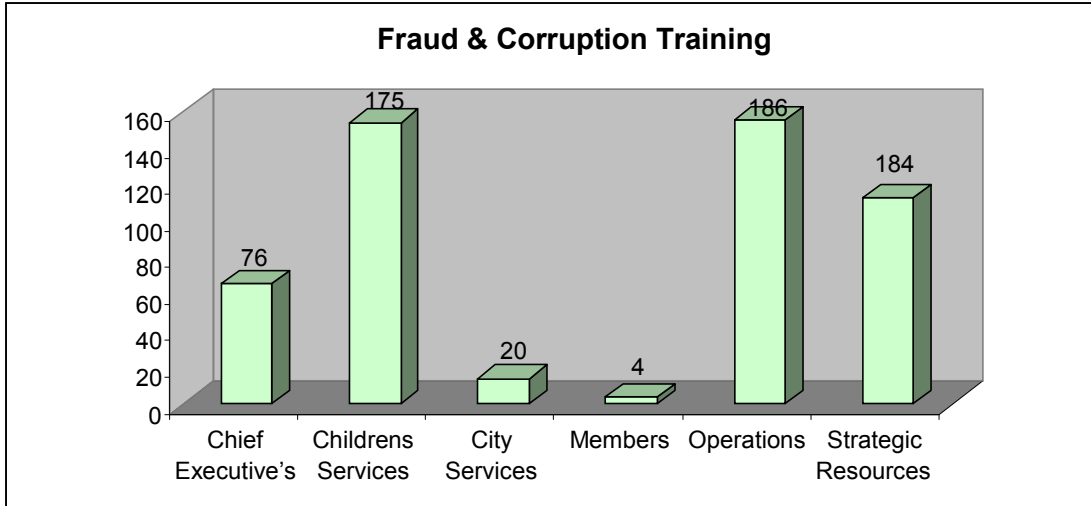
2 Raising Awareness of Fraud

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 Compliance and Ethical Standards Team continues to work closely with colleagues in the Internal Audit department to address these issues on an ongoing basis.

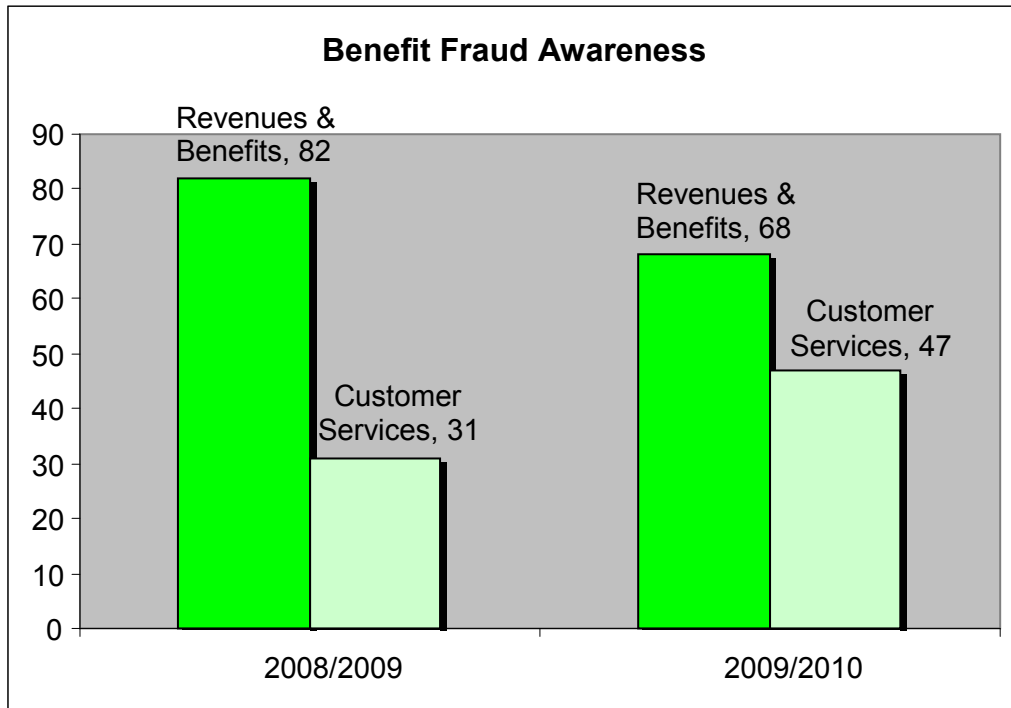
An innovative approach to fraud training was developed during 2008/2009 with delivery continuing to take place during 2009/2010. 'Focus on Fraud and Corruption' is an e-learning solution that quickly and cost effectively raises the awareness of Local Authority staff to the threats of fraud and corruption. 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.

Although 645 individuals undertook the above training; it has been decided not to update this software for 2009/2010 and instead, training will be focussed on specific risks to service areas and will be delivered at Department Management Team meetings and disseminated accordingly. Members will also receive appropriate training in this area.

Results of the e-learning training can be seen in the table below.



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



3 Quantity of Fraud

According to the newly established National Fraud Authority, fraud costs the UK £30 billion a year – twice as much as previously thought. Tax evasion has risen to £15.2 billion a year with Benefit Fraud costing £1.1 billion annually. The public sector is the worst hit, suffering 58% of all fraud. With this vital information, the Government can develop clearer priorities to prevent, detect and deter fraudsters.

Compliance and Ethical Standards Team Annual Report 2009-2010

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

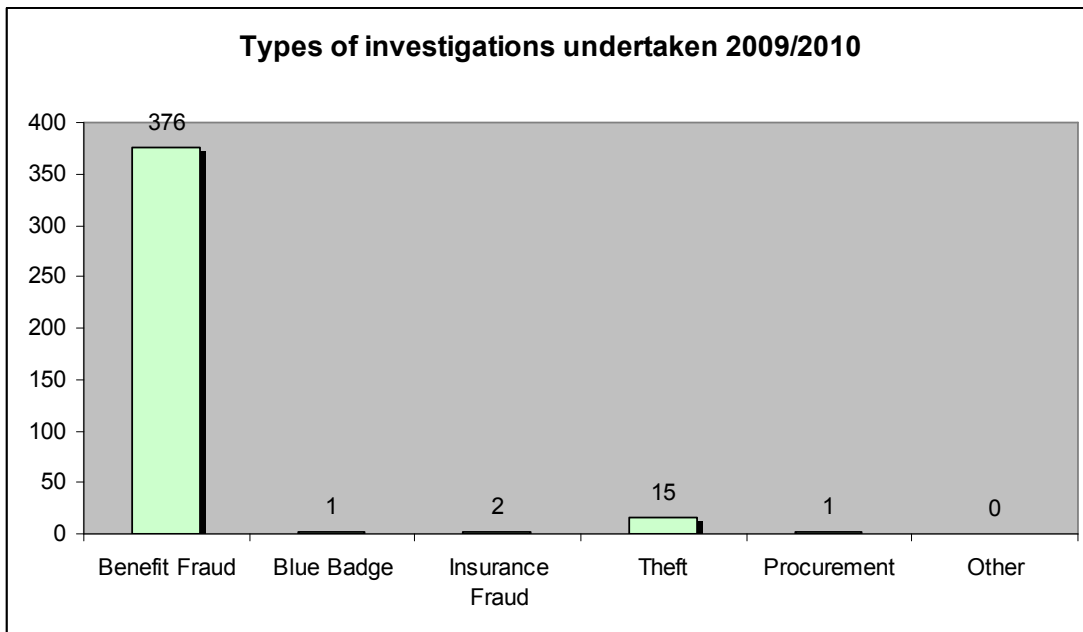


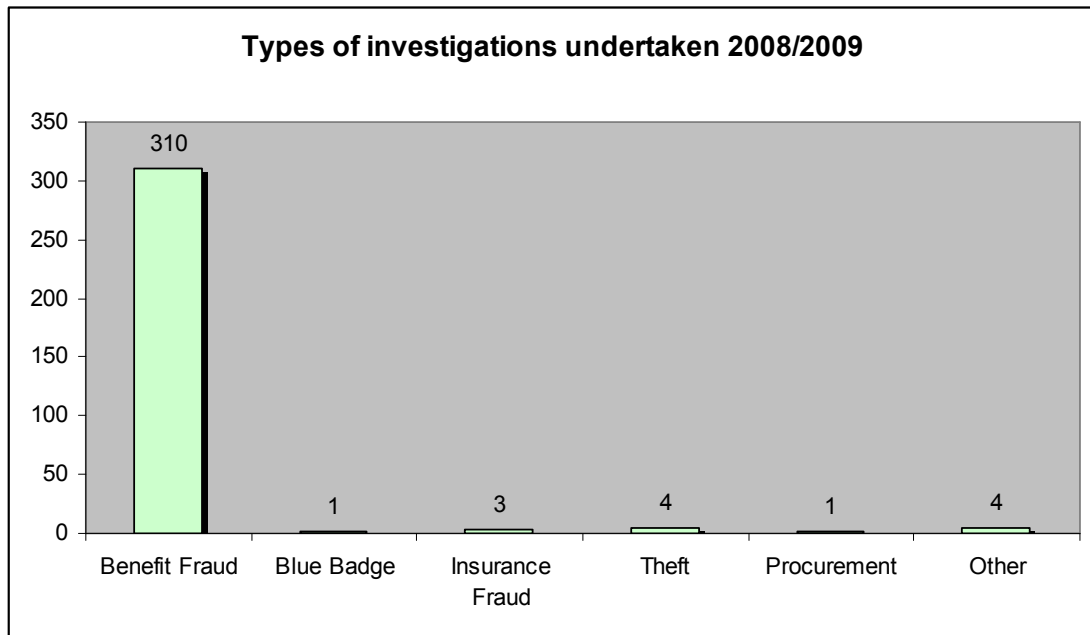
A taxi driver and owner of one of the City's biggest cab firms ¹was prosecuted for using his dead father's Blue Badge to park in a disabled bay in the City centre. The Compliance and Ethical Standards Team investigated this allegation as a result of a referral from a Civil Enforcement Officer, who believed the driver was abusing the Blue Badge scheme. The driver was subsequently fined £300, ordered to pay costs of £991.21 and disqualified for driving for six months.

As Blue Badge fraud is seen as an emerging threat, a decision has been taken to move the entire Blue Badge service to the Compliance and Ethical Standards Team from 1st April 2010. This move will ensure a robust approach is adopted not only at the enforcement stage of the process but during the award stage of a Blue Badge, when fraud is often perpetrated.

During 2009/2010, the Compliance and Ethical Standards Team received details of 19 potential fraud or financial irregularities for investigation, all 19 cases proceeded to a full investigation. This represents a slight decrease in referrals from 23 in 2008/2009. Additionally, 909 allegations of benefit fraud were received as opposed to 824 in 2008/2009. 376 were investigated following a strict risk assessment, which allows priority to be given to the most serious cases.

Types of investigations undertaken during 2009/2010 are detailed in the chart below:

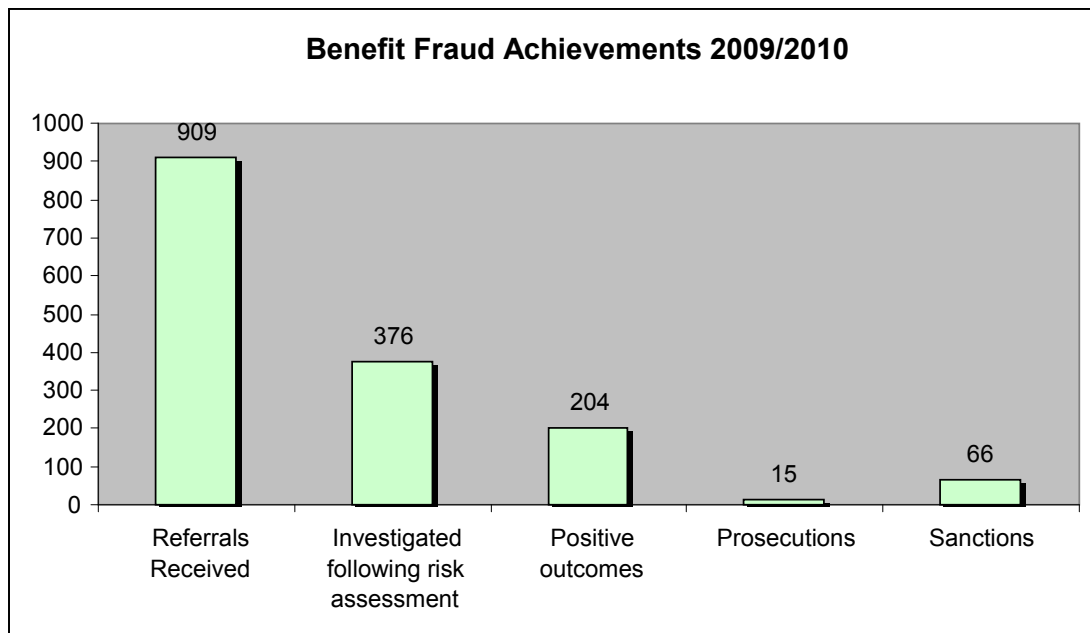


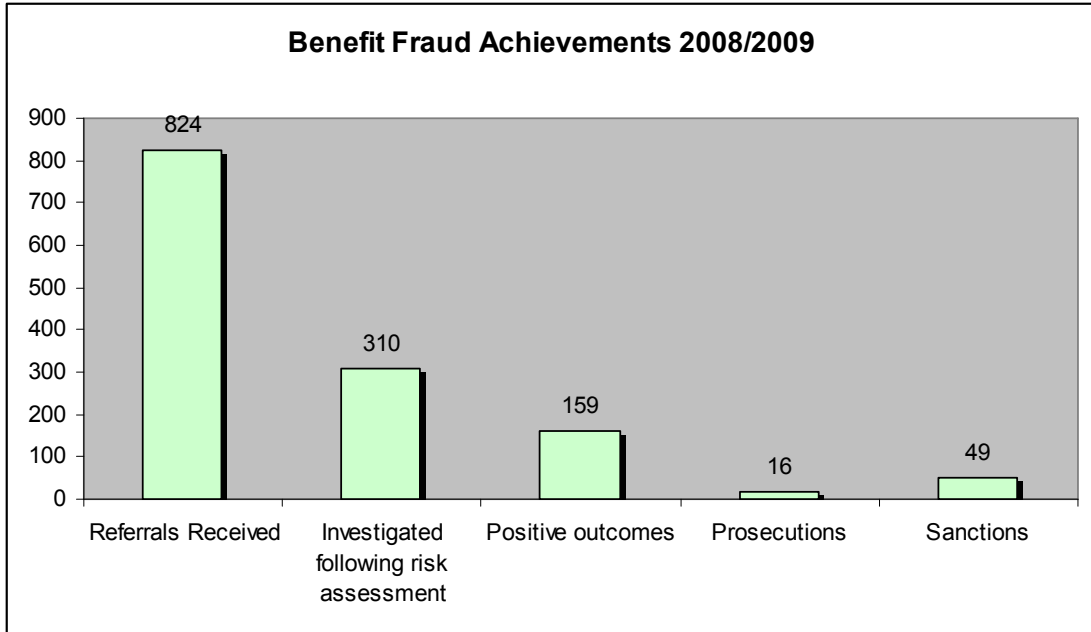


Note: 10 fraud cases involving staff members and Housing Benefit are incorporated into the overall figure for Benefit Fraud.

4 Housing and Council Tax Benefit

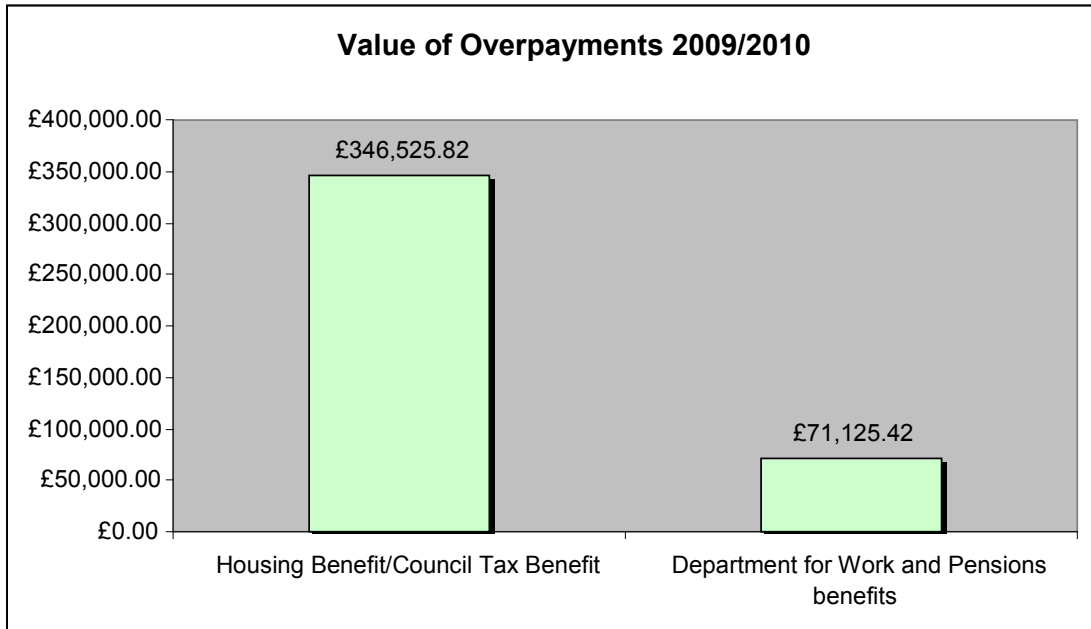
Benefit fraud will always be the greatest risk faced by local authorities owing to the high volumes of payments and complexities of legislation. The Compliance and Ethical Standards Team work closely with the Benefits Service to reduce the incidence of fraud and error entering the system. The chart below highlights the success of the team in 2009/2010:

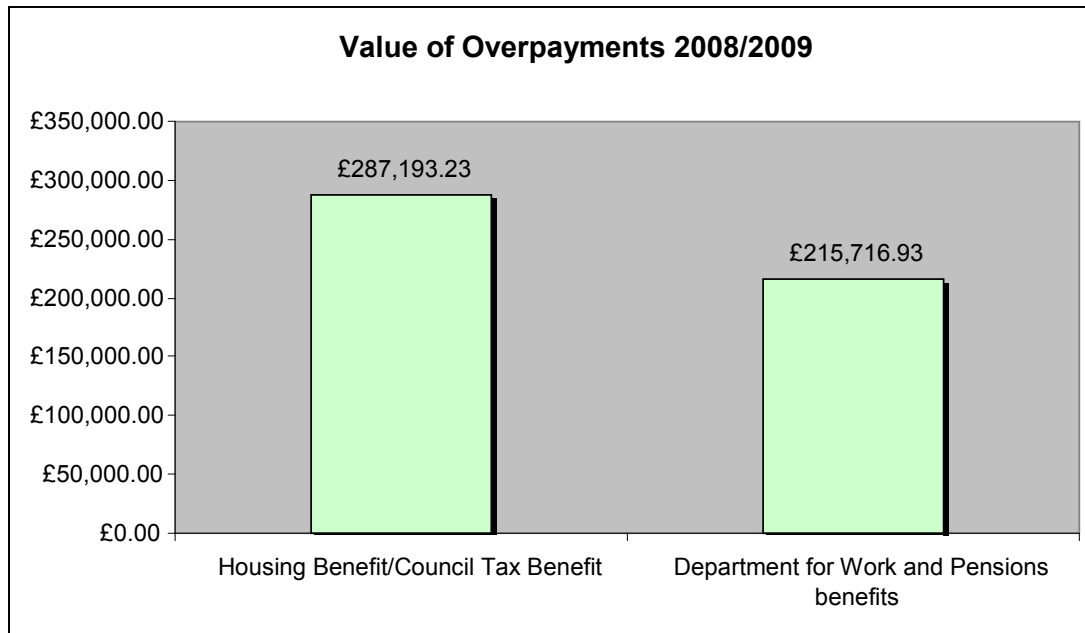




It is important to note that any referrals that do not qualify for investigation after the risk assessment process are not ignored; these cases are either referred to our colleagues at the Department for Work and Pensions or referred internally for a visit to be undertaken by Officers within the Benefits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

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





During 2009/2010, there was a rise in the value of the Housing Benefit and/or Council Tax Benefit overpayments. However there has been a drop in the value of the overpayments relating to the Department for Work and Pensions benefits. This is largely due to the increase in the number of investigations which only affect Housing Benefit and/or Council Tax Benefit claims.

An example of a successful investigation is outlined below:



A customer obtained over £5000 in Housing and Council Tax Benefit and over £3700 in Income Support by failing to notify the authorities that her partner had moved in with her. A joint investigation, which was carried out by Peterborough City Council and the Department for Work and Pensions established that the partner had been living with her for 15 months. The case was referred for prosecution with the customer pleading guilty to charges of failing to declare a change of circumstances. She was sentenced to a 12 week curfew order, which stipulated that she must remain in her property between the hours of 7pm and 7am on Mondays, Wednesdays and Fridays. She also received a six month supervision order. The overpayments are being recovered by both organisations.

5 National Fraud Initiative

In March 2010, the Audit Commission released their latest matches in respect of Council Tax data, which had been matched against the Council's Electoral Register. Work is currently underway to review the matches that have identified irregularities. This may ultimately lead to formal Council Tax Single Person Discount fraud investigations.

The Audit Commission's latest report entitled 'Protecting the Public Purse – Local Government Fighting Fraud' was published in September 2009. The Commission found that Council taxpayers could be losing almost £2 million pound a week to fraudsters claiming 25% Single Person Discount on their Council Tax.

6. Electoral Anti Fraud Initiative

The Chief Executive has continued to make it a priority to take strong and effective action to counter electoral fraud in Peterborough. The Compliance and Ethical Standards Manager 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 includes 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. (These properties are visited and details verified. Occupants who are not available during visits are 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. This approach to electoral fraud is also considered to be good practice under the Comprehensive Area Assessment framework.

7. Publicity

The Compliance and Ethical Standards 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 2009/2010:

- Disciplinary Cases: 77 cases of alleged disciplinary breaches, as opposed to 52 in 2008/2009, were completed.
- Stage III Complaint Investigations: 18 were undertaken; this is the same amount as investigated by the team in 2008/2009.
- Standards Investigations: Six cases were investigated during 2009/2010, including external cases on a fee-earning basis. This is a slight reduction overall as ten cases were investigated during 2008/2009. The team has continued to operate a service to other Councils and is generating a modest income from this work.

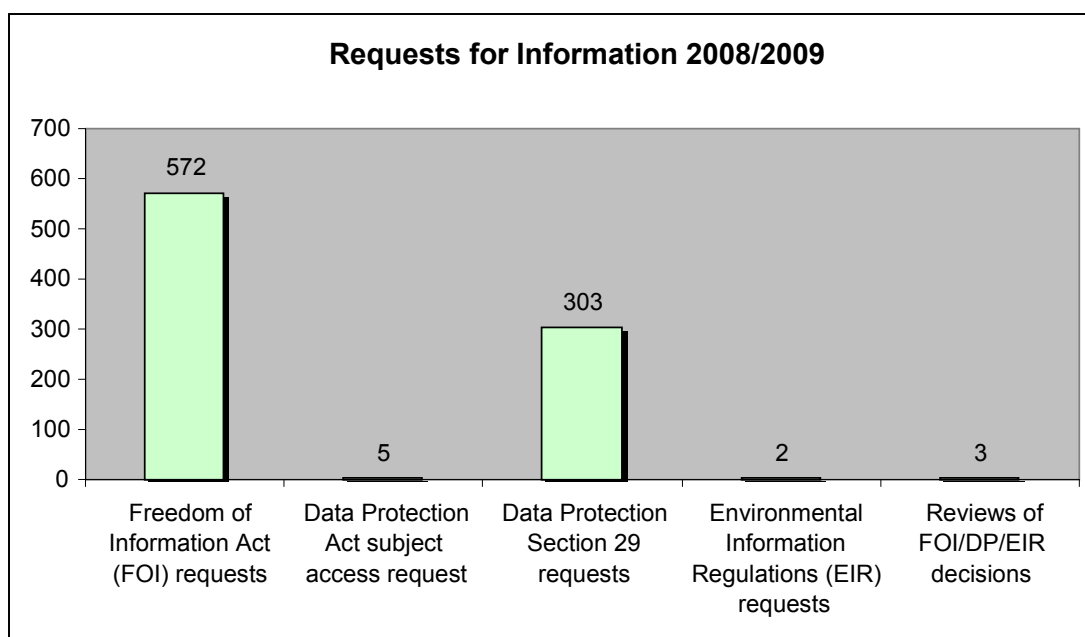
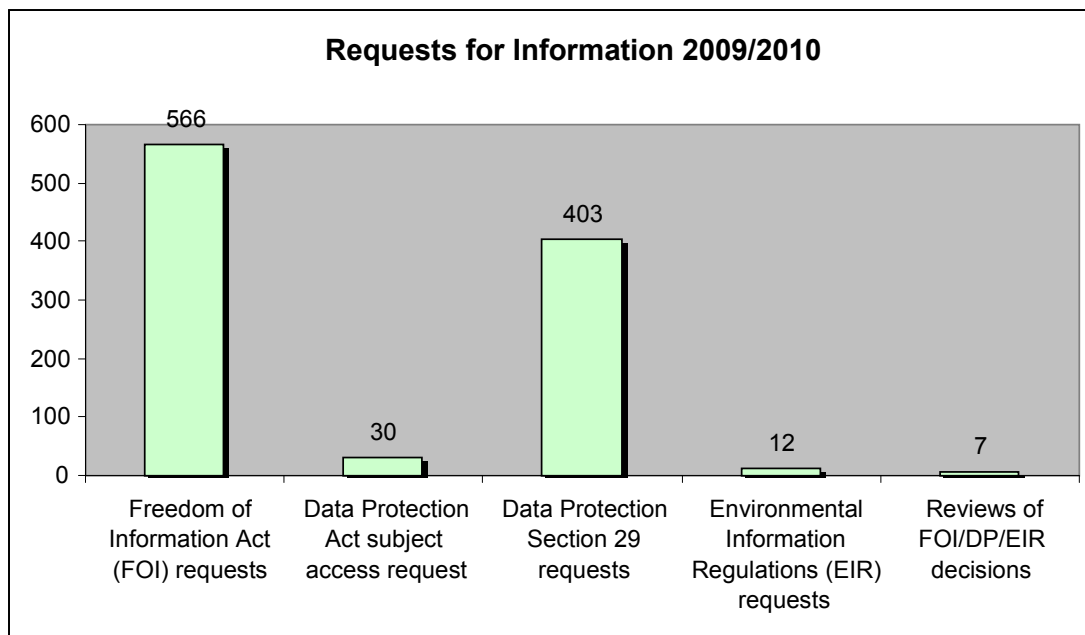
Compliance and Ethical Standards Team Annual Report 2009-2010

- Other Investigations: Six miscellaneous cases were investigated by the team; these included complex grievance cases where resources within service areas have been limited.

During 2009/2010 the Team has received numerous compliments on the high standard of their work from Directors, Chairs of Committees and Clients.

9. Information Management

The Council (through the Compliance and Ethical Standards Team) received the following requests for information during 2009/2010:



This illustrates a slight decrease in Freedom of Information Act requests but an increase in Data Protection Act Subject Access requests during 2009/2010.

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 and Ethical Standards Team has established itself as a centre of professionalism and is recognised as such by external authorities. Invitations to speak at conferences and seminars have been accepted as an opportunity to share good practice and promote the innovative work of the Council in the creation of a centralised investigation function. Frequent commissions to undertake external investigations are also testament to the success of the team.

Benefit fraud continues to be a significant fraud issue facing the Council in terms of both financial value and workload. The team are building upon their excellent status under the former Comprehensive Performance Assessment regime and will review all working practices regularly to ensure optimum efficiency.

The Information Management function experienced set-backs as a result of staffing changes in 2009/2010. However, an investment in IT and the recruitment of a permanent Information Specialist has stabilised the service; this has provided a framework for the delivery of this service to external organisations and discussions are currently underway with a number of key stakeholders.