



**Compliance and Ethical Standards
Team
Annual Report
2010/2011**

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. We also have a clear plan in place ahead of the imminent introduction of the Bribery Act and its impact on the work of the Council.

The Council has a dedicated team, which considers all allegations of fraud and financial irregularity. From 1st April 2011, the team will form part of the new Governance Team, which will comprise 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 and Ethical Standards Team's work during 2010/11.

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.

During 2010/2011, corporate fraud training was delivered to tier 2 and 3 managers throughout the Council as part of the Governance Module. This training was well received and generated a large amount of discussion around controls and vigilance.

The Benefit Fraud team will continue to deliver e-learning training to all staff involved in front-line benefit delivery.

3 Quantity of Fraud

According to last figures issued by the National Fraud Authority, fraud costs the UK over £38 billion a year. Loss estimates to fraud by sector are:

- Public - £21 billion
- Private - £12 billion
- Individuals - £4 billion

- Charity - £1.3 billion

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



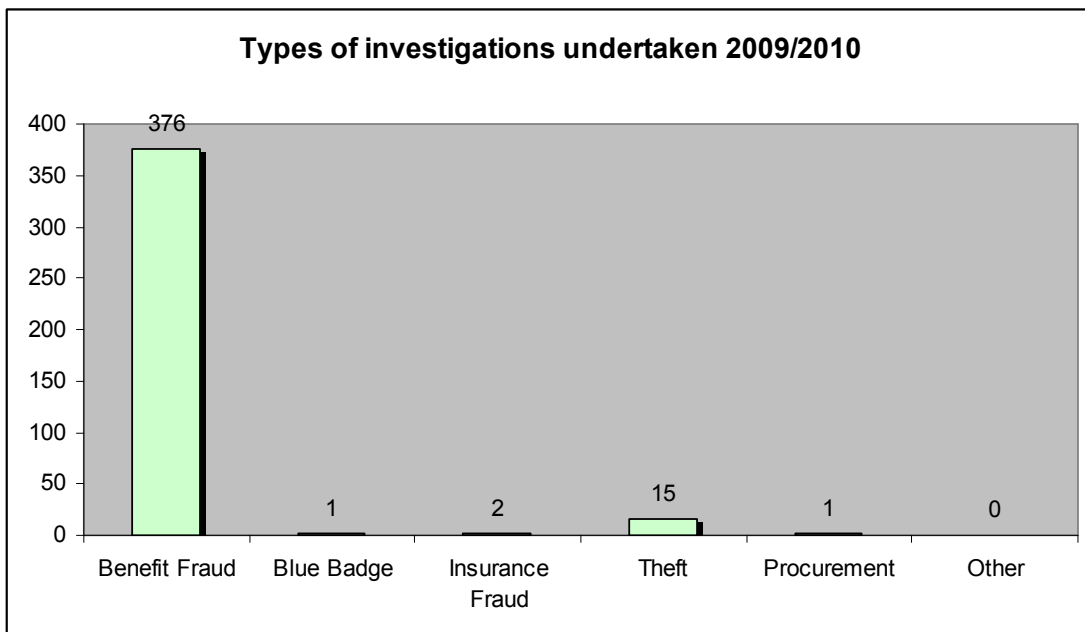
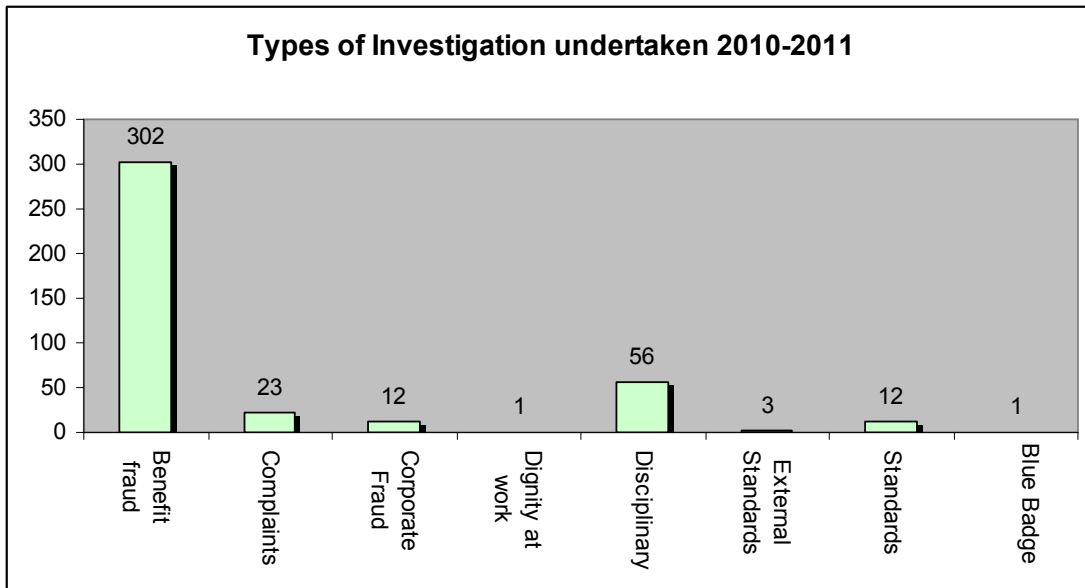
A lady was prosecuted for using her deceased aunt's Blue Badge to park in a disabled bay in the City centre. The Compliance and Ethical Standards Team investigated this allegation as a result of a referral from a member of the public, who believed the driver was abusing the Blue Badge scheme. The lady was subsequently fined £100, ordered to pay costs of £200 and a victim surcharge of £15.

As Blue Badge fraud is considered to be an emerging threat within the public sector, a decision was taken to move the entire Blue Badge service to the Compliance and Ethical Standards Team 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.

During 2010/2011, the Compliance and Ethical Standards Team received details of 13 potential fraud or financial irregularities for investigation, all 13 cases proceeded to a full investigation. This represents a slight decrease in referrals from 19 in 2009/2010. The investigations of the Corporate Compliance team are shown in specific categories for this year.

Additionally, 755 allegations of benefit fraud were received as opposed to 909 in 2009/2010. 302 were investigated following a strict risk assessment, which allows priority to be given to the most serious cases. 160 cases resulted in a positive outcome which shows that the team have a 53% success rate in the investigations carried out.

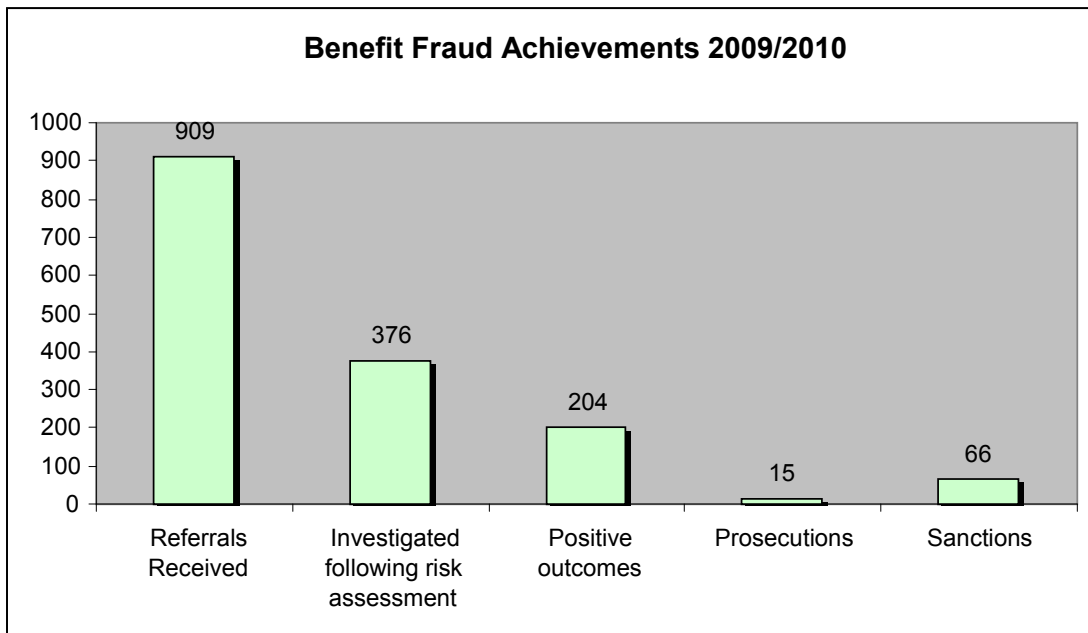
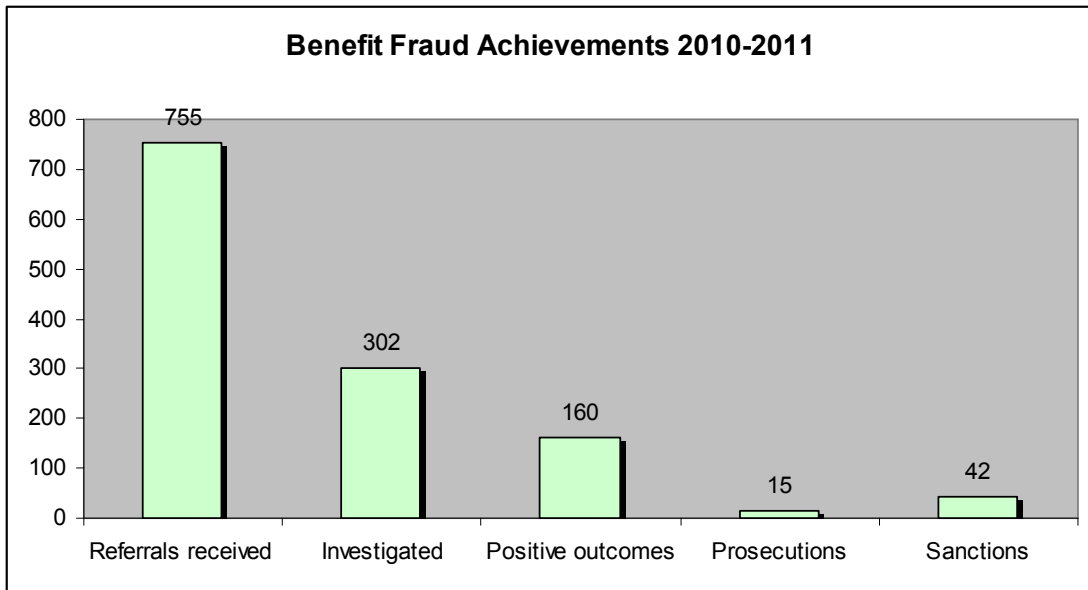
Types of investigations undertaken during 2010/2011 are detailed in the chart below:



Note: 3 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 2010/2011:

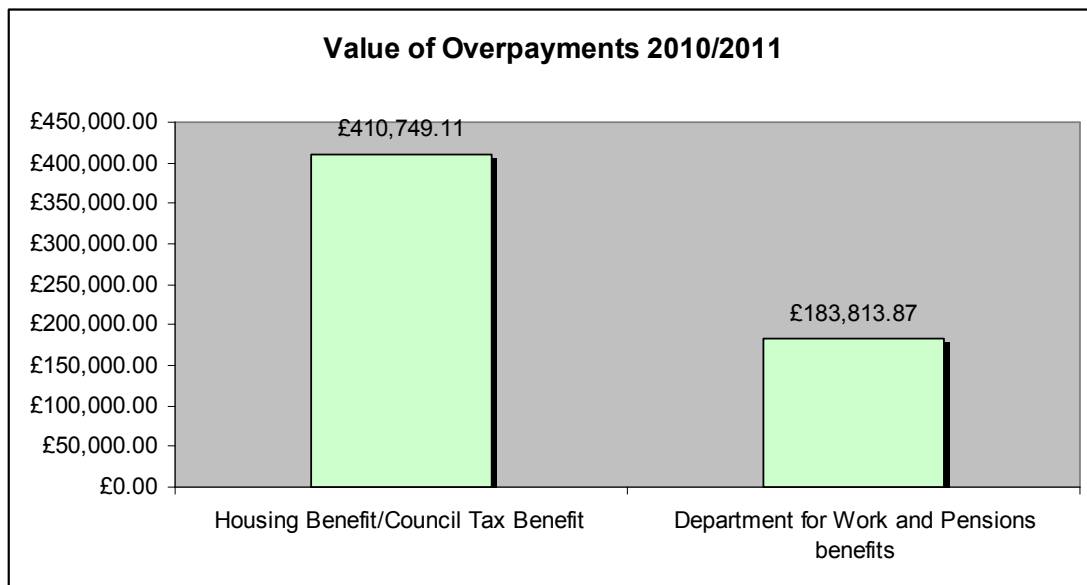


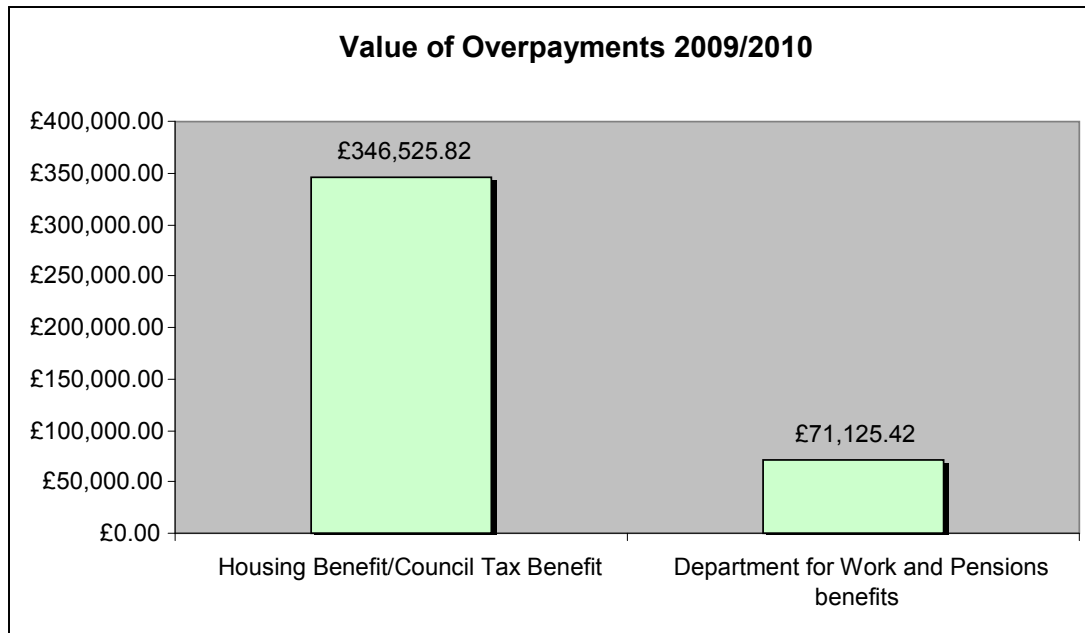
There was a slight decrease in the number of sanctions this year however this is partly due to the fact that the size of many overpayments uncovered has increased to above the level at which prosecution is the most appropriate sanction. The Compliance and Ethical Standards Team passed prosecution files relating to 17 individuals to Cambridgeshire Police or Peterborough City Council's Legal Services or the Department for Work and Pensions before the end of March 2011. Eight of these individuals were due to appear at Magistrates Court for their first appearances after April 2011 despite having been submitted in 2010. An example of this would be a lady whose file was passed for prosecution in September 2010 yet her first appearance was not until February 2011. Following an adjournment for a trial, this particular case will see a guilty plea entered in June 2011. A second example is a man whose file was passed to Cambridgeshire Police November 2010 however the Police were only able to locate and arrest him in April 2011.

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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:





There is an increase in the overpayments 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 which are currently at court, an example is that two cases which are currently in the prosecution process the DWP alone have a combined overpayment of £174,252.35.

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 £10, 000 in Housing and Council Tax Benefit by failing to notify Peterborough City Council that she had started work. An investigation by Peterborough City Council established that the customer had been working for three years. The case was referred for prosecution with the customer pleading not guilty to charges of failing to declare a change of circumstance however she was found guilty after a trial. She was sentenced to 26 weeks imprisonment, which was suspended for 18 months, and was also ordered to carry out 200 hours of unpaid work.. 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. Work is currently underway to review the matches that have identified irregularities. This may ultimately lead to formal 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. During three weeks of February 2011, officers visited 808 such properties and confirmed the names and identities of the occupants. The visits were also linked to work being undertaken on the 2011 Census. These visits identified over almost 1500 adults for the purposes of the Electoral Register. The 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.

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: 56 cases of alleged disciplinary breaches were investigated. The results of these include 11 dismissals, seven final

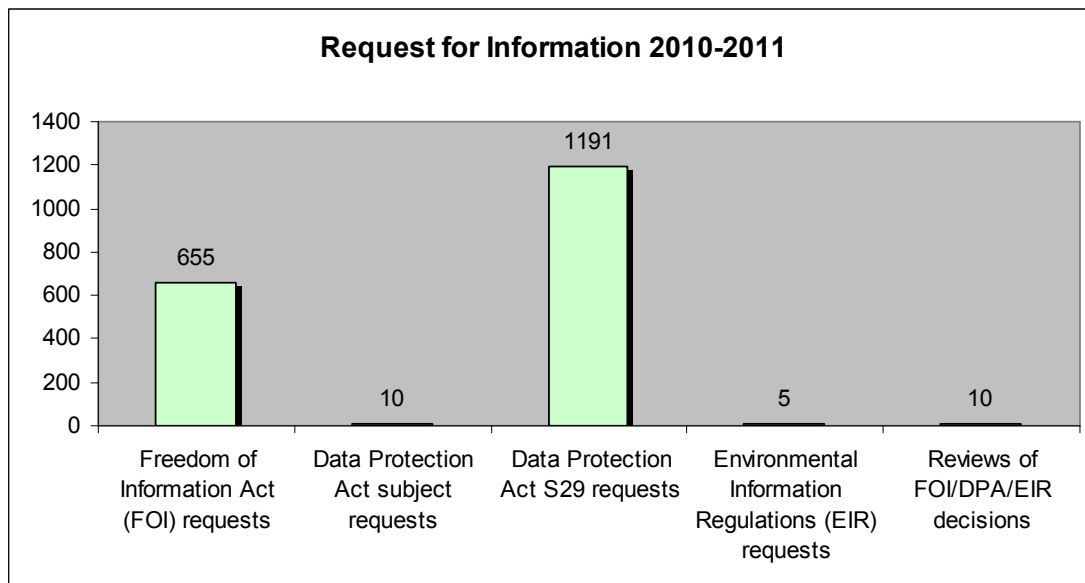
written warnings, nine written warnings, five verbal warnings and three resignations.,

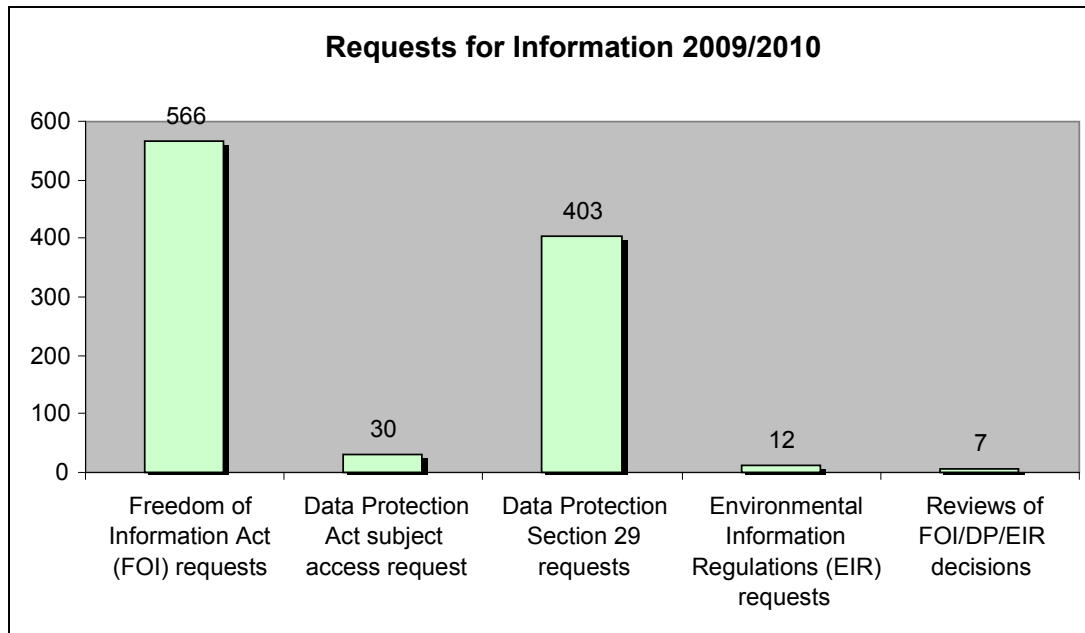
- Stage III Complaint Investigations: 23 were undertaken which is an increase on the 18 investigated by the team in 2009/2010.
- Standards Investigations: 15 cases were investigated during 2010/2011, including three external cases on a fee-earning basis. This is an increase overall as six cases were investigated during 2009/2010. The team has continued to operate a service to other Councils and is generating a modest income from this work.

During 2010/2011 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 and Ethical Standards Team) received the following requests for information during 2010/2011:





This illustrates an increase in Freedom of Information Act, Data Protection Act subject access requests and EIR requests. 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 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 did experience set-backs as a result of staffing changes in 2010/2011. However, a new manager for this area of the team has been appointed and recruitment for a new Information Specialist is ongoing.