

Title: **Corporate Fraud update**

Wards Affected: **All Wards in Torbay**

To: **Audit Committee** On: **26 July 2017**

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1. Key points and Summary

- 1.1 At the Audit Committee on 22 March 2017, Members considered the Internal Audit Plan within which reference was made to fraud prevention and detection. Members requested the Council's Fraud Officer present the Fraud Strategy and details of the priority work areas.
- 1.2 Fraud is estimated to cost the UK £20.3 billion a year, £2.1 billion per year, of that by Local Authorities according to The Chartered Institute Public Finance and Accountancy publication "The local Government counter fraud and corruption strategy 2016-2019."
- 1.2 The types of frauds that Torbay Council might be the victim of include Council Tax Support, Single person's discount, Council Tax Reduction, Business Rates avoidance schemes, Small Business Rates Relief, Blue Badge misuse, Insurance fraud, Procurement fraud, Housing waiting list, right to buy, right to acquire.

2. Introduction

- 2.1 Until 20 June 2016 Torbay Council did not have a dedicated Corporate Fraud post however we now employ one full-time Counter Fraud and Anti Money Laundering officer.
- 2.2 A Corporate Fraud Policy was introduced in January 2017 to assist the council to deter, prevent, detect, investigate and pursue all types of fraud affecting the authority. An accompanying prosecution and sanctions policy has also been developed. Both policies are attached as appendix (i) and (ii).
- 2.3 A route to enable people to report potential frauds was introduced in January 2017. There is now a form available on the [web site](#). Publicity of this form has been sought through social media. 59 allegations have been received since January 2017. The Communications Team are formulating a fraud communications plan.
- 2.4 All Council staff require training to raise awareness of the kind of frauds the council may experience and in spotting frauds. An online training course was

developed and is now available. It has been circulated to all staff as a mandatory I-learn course for them to complete and it is also included within the introductory courses when new employees join the council.

- 2.5 To ensure investigations are conducted legally, the corporate counter fraud officer has undertaken training and examinations to become accredited as a Counter Fraud Specialist.
- 2.6 Work thus far has concentrated on the council's income to ensure the collection fund for Council tax is maximised. This work is ongoing, but includes the appointment of an external company to identify potential fraudulent claims of Single Persons Discount and Council Tax Support. This will identify potential cases of fraud, which will then be progressed for investigation.
- 2.7 As 100% business rates retention had been proposed for implementation, focus has also been provided in this area. Any business rates write off has to be at a minimum to ensure the Council's income is protected.
- 2.8 Blue badge fraud, although not a direct cost to the council, has potential to damage revenue received from the council's car parks. It also causes reputational damage and therefore a campaign in this area will be explored in the near future. Links with the team at the NHS have been established.
- 2.9 Although Torbay Council does not hold housing stock, housing fraud has a draw on council budgets. There is also a moral obligation to assist in the prevention of this avenue of fraud.
- 2.10 The cost of housing people in temporary accommodation is increasing year on year. Ensuring the right people are acquiring properties can help in this area. A Devon Tenancy Fraud Forum has been established to which Torbay Council is committed. Ways of working with Devon and its Housing Associations to reduce the level of fraud are in development.
- 2.11 Ways to share data across council services are being identified to further protect the Council's income. This is important to protect the Council's reputation and balance sheet. A project of this kind will also bring efficiencies in administration and protect officers from entering into potentially dangerous properties without the correct support. The Corporate Fraud Officer has introduced officers to the possibility of a single view of customer, places and businesses.
- 2.12 The Corporate Counter Fraud Officer has also taken on the role of Anti Money Laundering Officer and is in the process of updating its process and policy. Training across the authority in Anti Money Laundering Measures is also in development.
- 2.13 To assist in investigations and to ensure Torbay Council can continue momentum in tackling all kinds of frauds against Torbay Council and its partners, a request is in progress for secondment of a fraud investigator and administration support officer.

Rachel Worsley
Corporate Counter Fraud Officer

Appendices

Appendix I [Counter fraud and Corruption Policy](#)

Appendix ii [Corporate Sanction and Prosecution Policy](#)

Background Papers:

The following documents/files were used to compile this report:

CIPFA - Local Government counter fraud and corruption strategy 2016 – 2019