

Report To: Audit Committee	Date 17 December 2013	Classification Unrestricted	Report No
REPORT OF: Corporate Director, Resources		Fraud Briefing from Protecting the Public Purse 2013	
ORIGINATING OFFICER(S): Minesh Jani, Head of Risk Management and Audit		WARD(S) AFFECTED: N/A	

1. SUMMARY

- 1.1. The attached report summarises the work of the Audit Commission who compared Tower Hamlets performance in tackling a range of fraud with other similar authorities. The work of the Commission focused on five specific types of frauds, highlighted as the most common from an earlier survey of all local authorities in England, these being; housing and council tax benefit fraud; council tax discount fraud, housing tenancy fraud; right to buy fraud and Disabled parking (blue badge) fraud.

2. RECOMMENDATION

- 2.1. The Audit Committee is : -
- asked to note the contents of this report and to take account of the matters raised by the Audit Commission in their report; and
 - make suggestions and recommendations as it considers necessary to assist in the management of fraud risks.

3. NATIONAL PICTURE

- 3.1. The Audit Commission in their publication "Protecting the Public Purse 2013" focuses on fighting fraud against local government and has been written for councillors and senior officers responsible for governance. In their report, the Audit Commission highlight fraud as a significant problem affecting everyone in the UK.
- 3.2. The National Fraud Authority (NFA) estimates that fraud loss to local government in England is in excess £2 billion per year.
- 3.3. The Audit Commission's 2012/13 survey of fraud against councils and related bodies shows that councils detected more than £178 million worth of fraud, involving 107,000 cases. The total value of detected

fraud losses for 2012/13 decreased by 1 per cent compared with 2011/12, with the number of fraud cases also decreasing by 14 per cent.

- 3.4. However London boroughs detected more fraud than in 2011/12 with an increase of 36 per cent compared to the previous year.
- 3.5. With regard to Social Housing Fraud, Councils recovered 2,600 homes from tenancy fraudsters. This was a 51 per cent increase on the previous year with London councils representing over half, 58 per cent of the total.
- 3.6. The report advises that Councillors have a crucial role in supporting the right approach to deter and detect fraud.

4. LOCAL PICTURE

- 4.1. The overall message from this report is that on the whole, Tower Hamlets is broadly on par with other inner London Boroughs and others in its peer group in tackling fraud. In 2012/13, Tower Hamlets detected fraud estimated at approximately £989,656 exclusive of Social Housing Fraud.
- 4.2. The national report recommends that Councils should promote in particular, a vigorous counter – fraud culture, develop a clear strategy to tackle fraud, work in partnership to reduce fraud and prepare effectively for the introduction of the Single Fraud Investigation Service by ensuring, inter alia, that there remains a capacity to investigate non benefit fraud which is proportionate to the identified risk.
- 4.3. With these points in mind we are actively enhancing our partnership working across the service and are currently engaged with a pro- active data matching exercise to examine a wide area of activity including Housing Rents, Housing Benefits and the Housing Waiting list to an external credit reference agency to identify areas of potential inconsistency and to take forward to investigation.
- 4.4. The Audit Commission will present this report to the Audit Committee on 17th December 2013.

5. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 5.1. This report describes the Audit Commission's briefing report of Tower Hamlets Council's performance in tackling a range of fraud and provides an opportunity for councillors to consider fraud detection performance compared to similar local authorities.
- 5.2. In 2012-13 Tower Hamlet Council's detected fraud estimated at approximately £989,656 exclusive of Social Housing Fraud and the

Council's performance was comparable with other inner London Boroughs.

- 5.3. There are no specific financial implications emanating from this report and the Internal Audit team work programme meets the Council's legal requirements under section 151 of the Local Government Act 1972 and reports directly to the Director of Resources in order to minimise to the Council the risk of fraud, error and omission to the Council's finances and assets.

6. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 6.1. There are no immediate legal implications arising from this report.

7. ONE TOWER HAMLETS

- 7.1. There are no specific one Tower Hamlets considerations.
7.2. There are no specific Anti-Poverty issues arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1. This report highlights the potential areas of fraud risks that any local authority is likely to be exposed to. A considered assessment of the nature and impact of the fraud risks will allow the authority to make better use of its resources.

9. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT (SAGE)

- 9.1. There are no specific SAGE implications.

Local Government Act, 1972 SECTION 100D (AS AMENDED)

List of "Background Papers" used in the preparation of this report

Brief description of "background papers"

Contact :

N/A

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