

**BRISTOL CITY COUNCIL
AUDIT COMMITTEE**

27 June 2014

Report of: Grant Thornton

Title: Protecting the Public Purse Fraud Briefing 2013

Ward: Citywide

Officer presenting report: Grant Thornton

Contact telephone number: 0117 305 7600

RECOMMENDATION

The Audit Committee note, and comment as appropriate, on the Audit Commission report 'Protecting the Public Purse Fraud Briefing 2013'

Summary

This report considers the findings of the Audit Commission's national report – Protecting the Public Purse 2013 – which focusses on Bristol City Council's performance in the detection of fraud

Policy

None affected by this report. The Audit Commission has statutory responsibility for inspection and assessment at the Council. Grant Thornton are the Council's appointed external auditors. In carrying out their audit and inspection duties they have to comply with the relevant statutory requirements. In particular these are the Audit Commission Act 1998 and the Code of Audit Practice with regard to audit, and the Local Government Act 1999 with regard to best value and inspection.

Consultation

Internal: Grant Thornton consulted with Senior Officers before finalising the progress report.

External: not applicable.

1 Introduction

- 1.1 The report is an overview of the findings of the Audit Commission's national report – Protecting the Public Purse 2013 and includes information from the national study.
- 1.2 The report is an information source to support councillors in their consideration of fraud detection activities at the Council compared to similar local authorities
- 1.3 The report provides an opportunity to review the current counter fraud approach, strategy and priorities at the Council to support local fraud risk management at the Council to help ensure local priorities are reflected within the Council strategy, as part of a proportionate response to fraud
- 1.4 Nationally in 2012/13 total cases detected was 107,000 with a total value of £178m. This is a fall of 14% since 2011/12 in the number of cases but less than 1% in the value
- 1.5 Bristol has detected approximately twice as many cases as its nearest comparator with 1,988 cases valued at £1.9m. The report does not provide context around detection rates.
- 1.6 The Council's Council and Housing Benefit tax performance has been aided by a dedicated benefit fraud investigation team and specific efforts to detect and counteract fraud. Bristol as a large Unitary Council has a large number of benefit cases and therefore detection rates are expected to be high. The majority of cases detected are Council Tax discount fraud accounting for 1,818 cases with a value of £779,645. Housing and Council Tax benefit fraud accounts for 166 cases valued at £914,258.
- 1.7 The report also highlights other areas in which the Council has been active in the detection of fraud.

Other Options Considered

Not applicable.

Risk Assessment

Not as a result of this report.

Equalities Impact Assessment

There are no issues arising from this report.

Legal and Resource Implications

None arising from this report.

Appendices:

Appendix 1: Protecting the Public Purse Fraud Briefing 2013 –
Presentation pack

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: None

Protecting the Public Purse Fraud Briefing 2013 Bristol City Council



Agenda

- Introduction and purpose of your Fraud Briefing
- *Protecting the Public Purse (PPP) 2013* report – national picture
- Interpreting fraud detection results
- The local picture
- Questions?

And do not forget

- *Checklist for those charged with governance (Appendix 2 of PPP 2013)*
- *Questions councillors may want to ask/consider (Appendix 3 of PPP 2013)*

Introduction

- Fraud costs local government in England over £2 billion per year (*source: National Fraud Authority*)
- Fraud is never a victimless crime
- Councillors have an important role in the fight against fraud



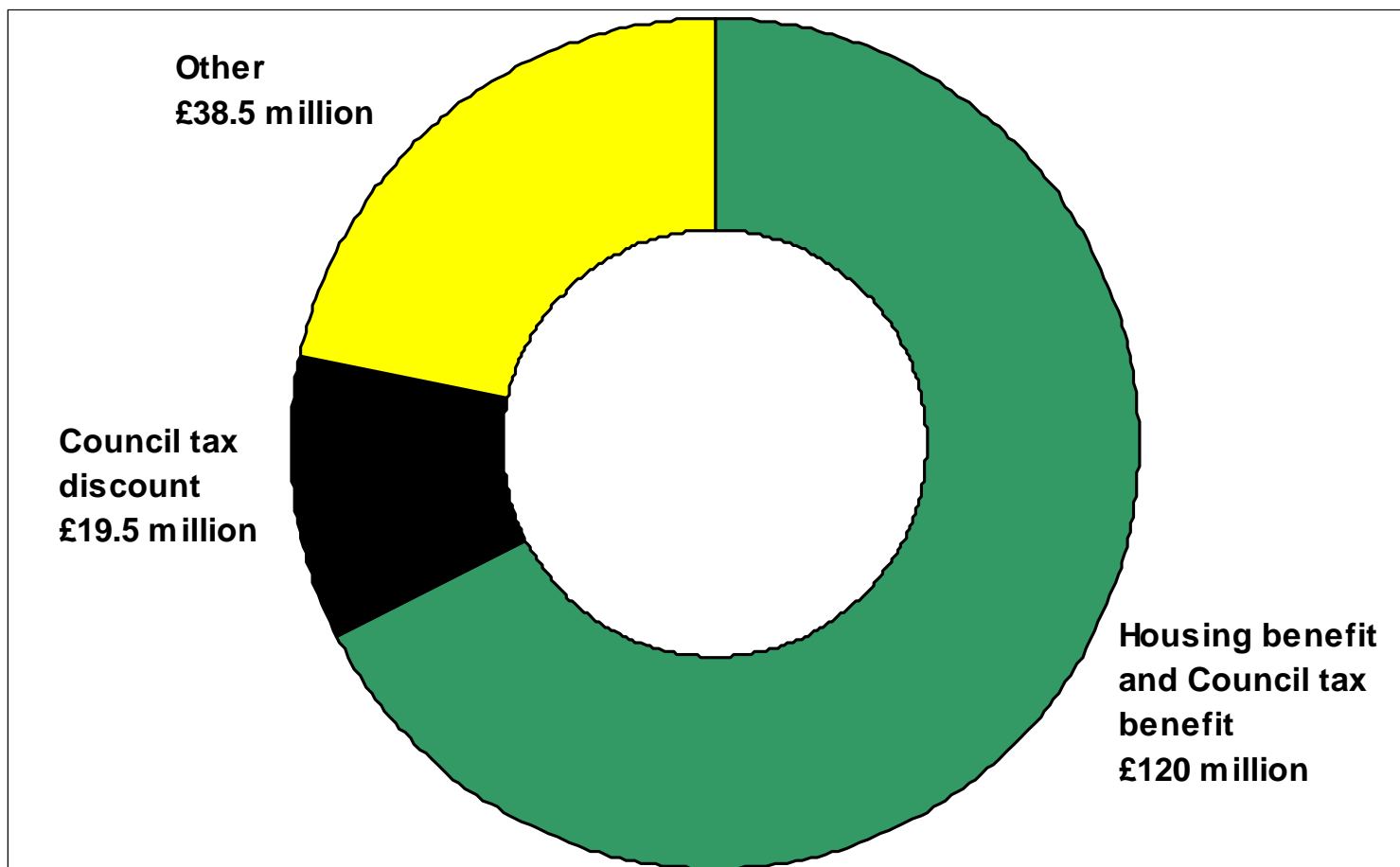
Purpose of Fraud Briefing at your council

- Opportunity for councillors to consider fraud detection performance, compared to similar local authorities
- Reviews current counter fraud strategy and priorities
- Discuss local and national fraud risks
- Reflect local priorities in a proportionate response to those risks

Your council is compared with the unitary authorities of the south west and south east regions

National Picture 2012/13

Total cases detected 107,000, with a value of £178 million (excluding social housing fraud)



Nationally, the number of detected frauds has fallen by 14% since 2011/12 and the value by less than 1%

Interpreting fraud detection results

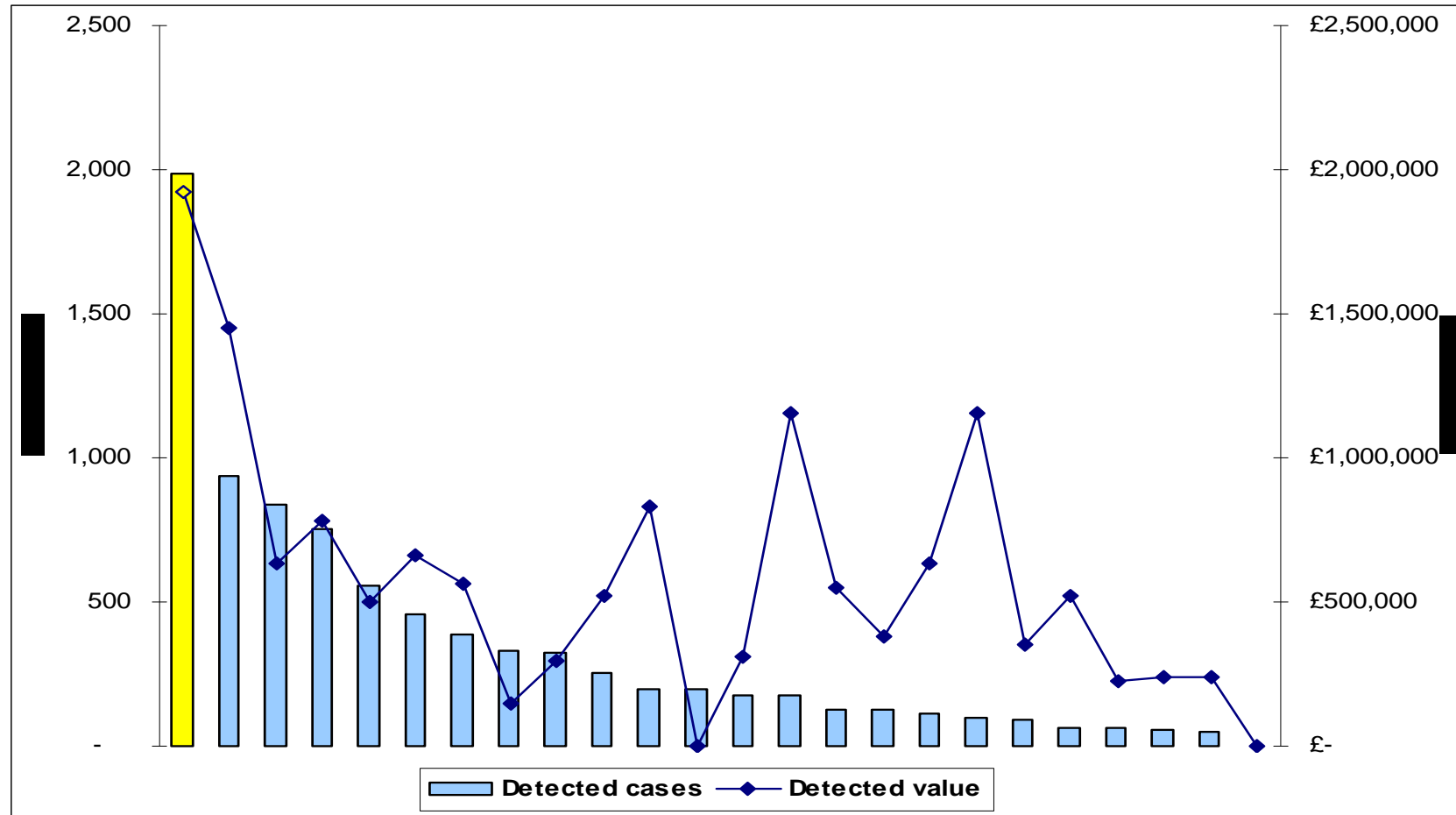
- Contextual and comparative information needed to interpret results
- Detected fraud is indicative, not definitive, of counter fraud performance (Prevention and deterrence should not be overlooked)
- No fraud detected does not mean no fraud committed (Fraud will always be attempted and even with the best prevention measures some will succeed)
- Councils who look for fraud, and look in the right way, will find fraud (There is no such thing as a small fraud, just a fraud that has been detected early)

Your council is highlighted in yellow in the graphs that follow

The local picture

How your council compares to other Southern unitary authorities

Total detected cases and value 2012/13 (excluding social housing fraud)

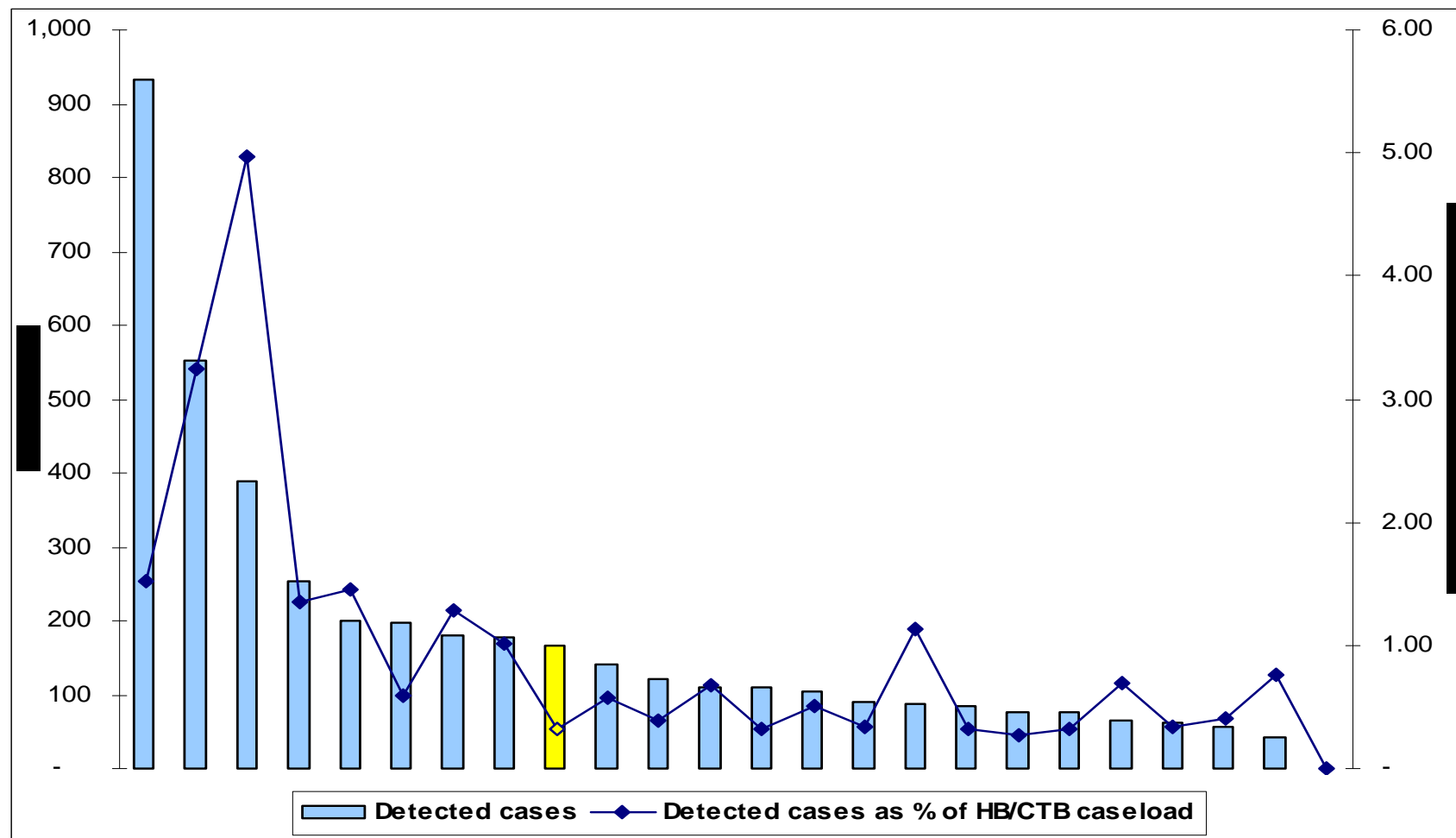


Bristol detected: 1,988 cases, valued at £1,923,803

Southern unitary authorities 2012/13

Housing benefit (HB) and Council tax benefit (CTB) fraud

Detected cases and detected cases as a percentage of HB/CTB caseload



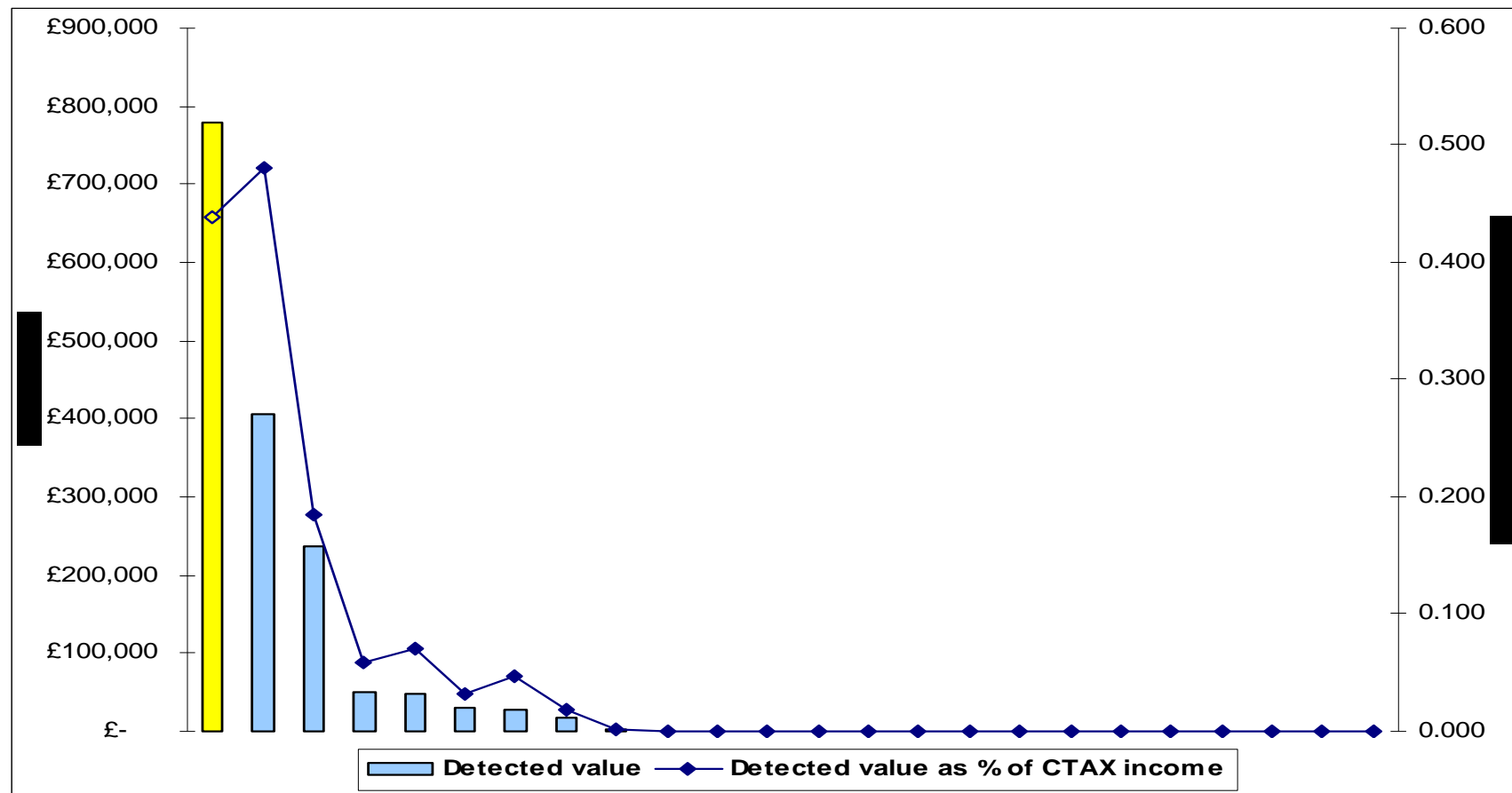
Bristol detected: 166 cases, valued at £914,258

Southern average: 178 cases, valued at £470,661

Southern unitary authorities 2012/13

Council tax (CTAX) discount fraud

Detected value and detected value as a percentage of council tax income



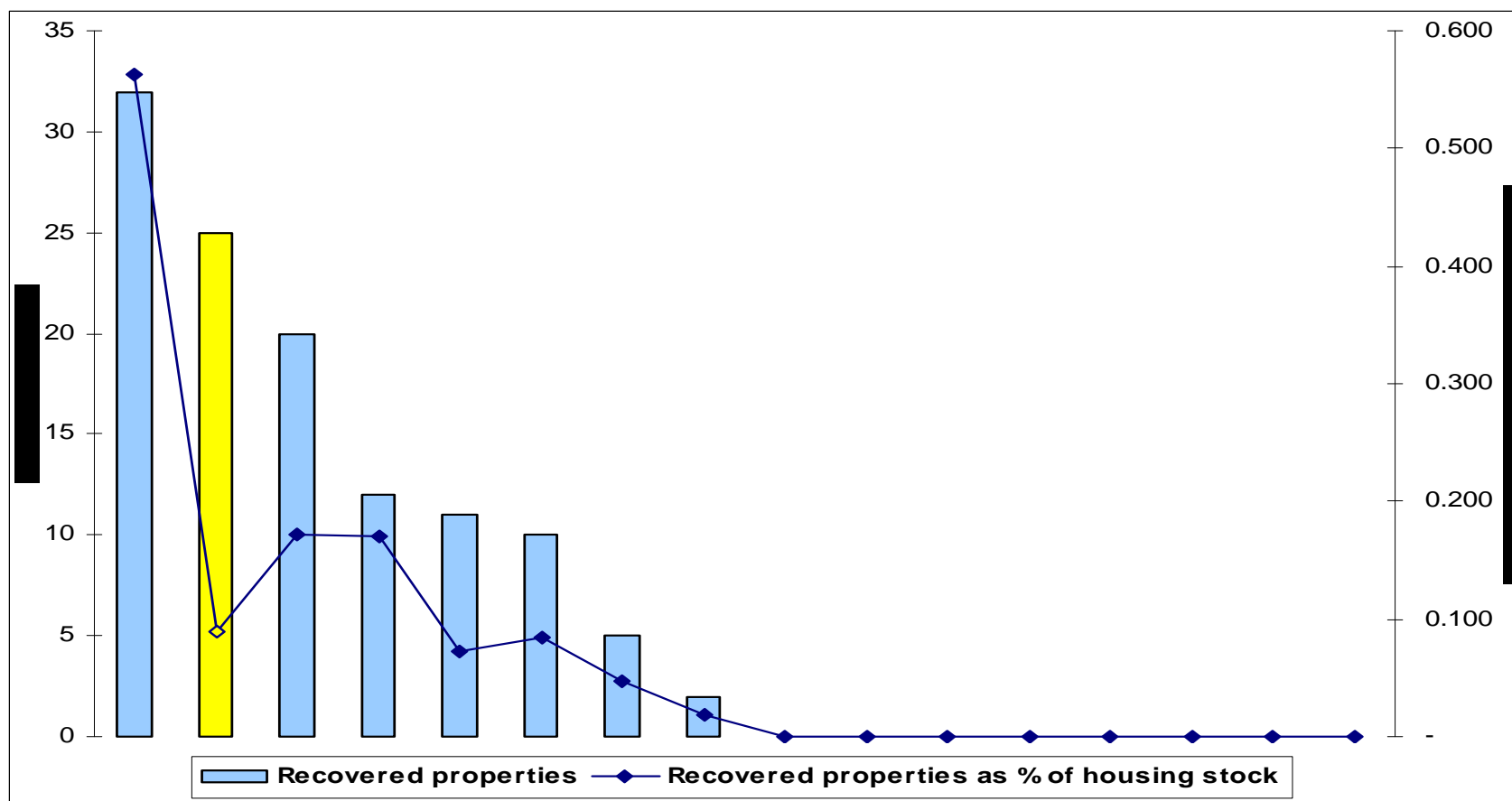
Bristol detected: 1,818 cases, valued at £779,645

Southern average: 147 cases, valued at £66,679

Southern unitary authorities with housing stock 2012/13

Social housing fraud

Properties recovered and properties recovered as a percentage of housing stock



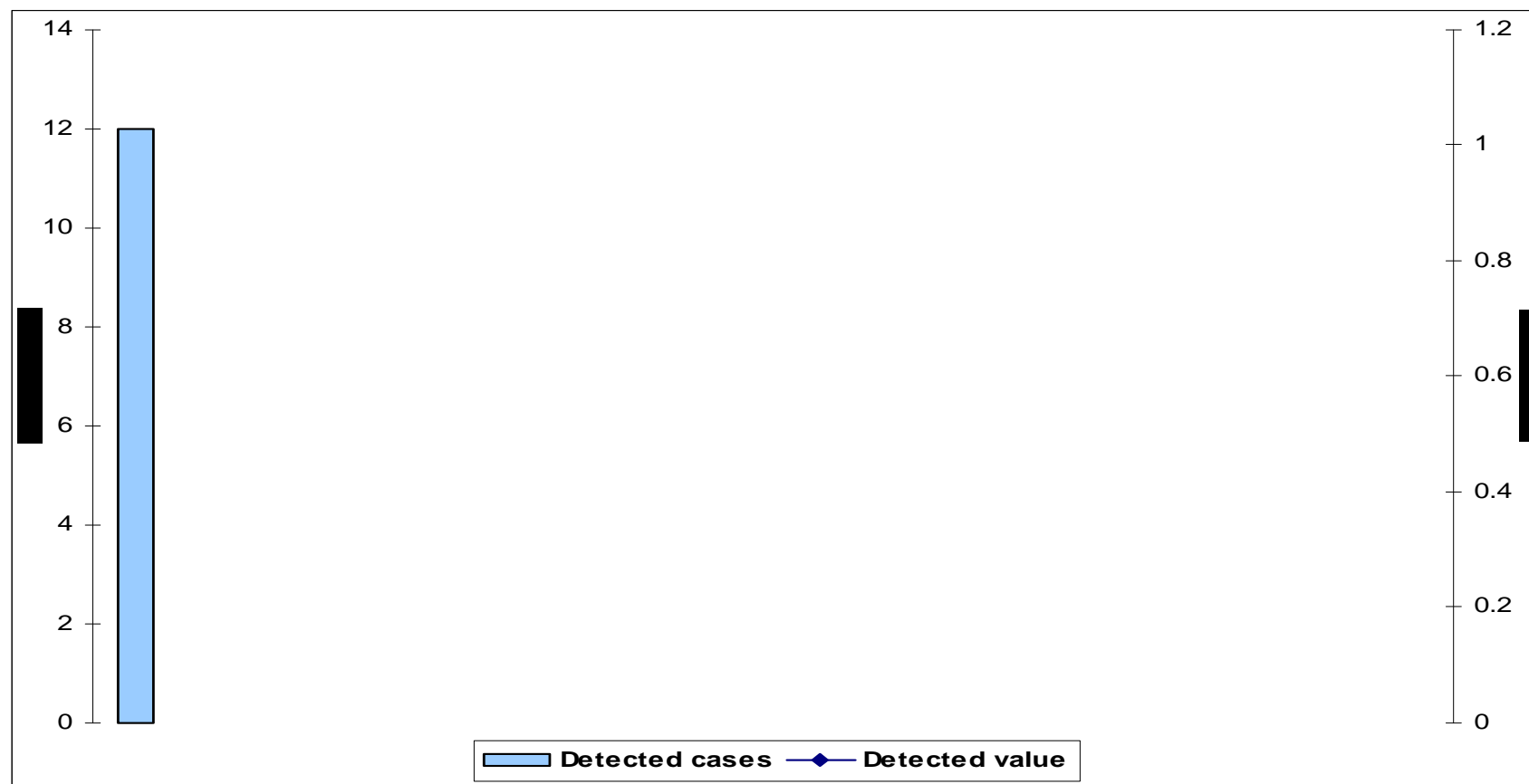
Bristol recovered: 25 properties

Southern average: 7 properties

Southern unitary authorities with housing stock 2012/13

Right to buy fraud

Detected cases and detected value



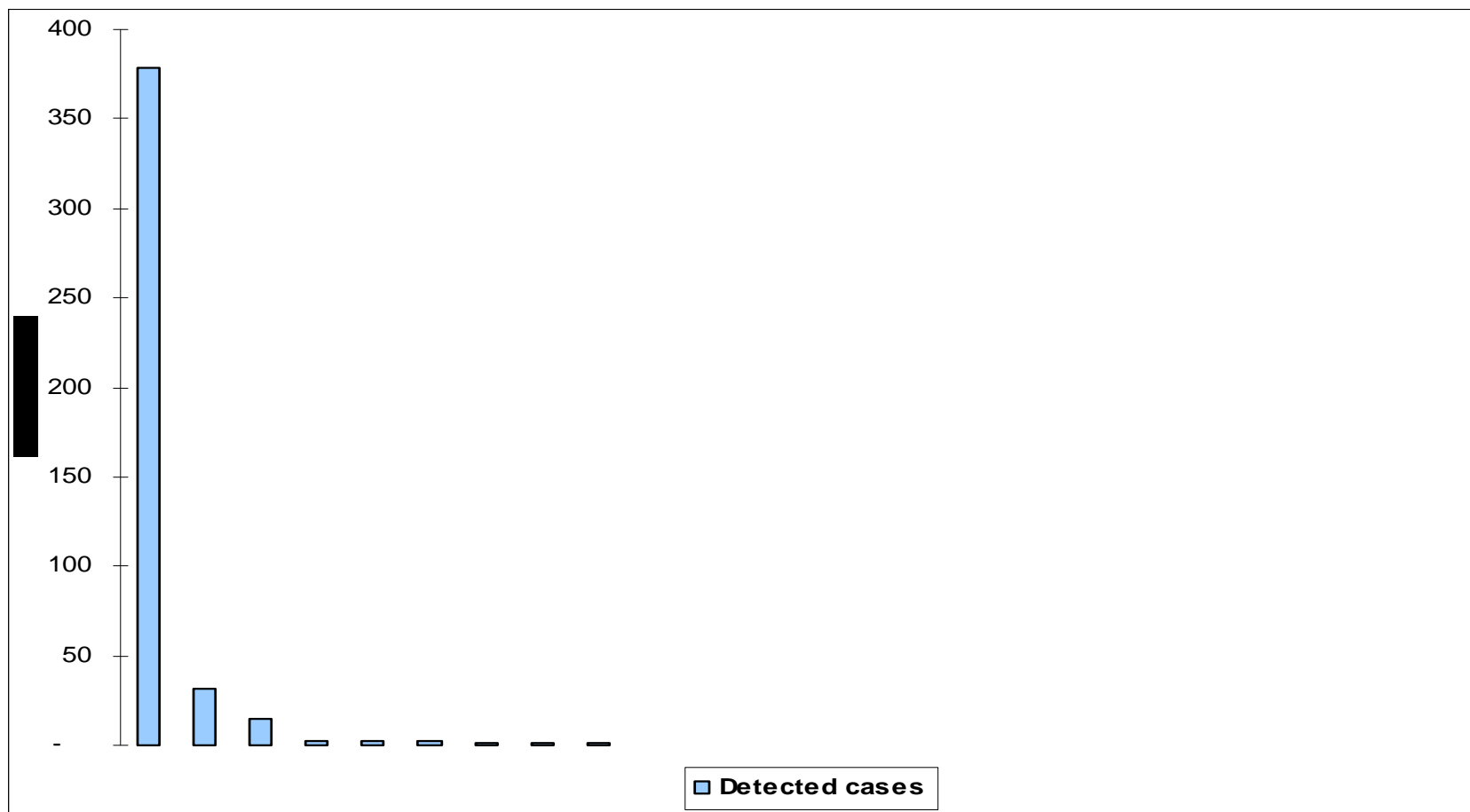
Bristol detected: no cases

Southern unitary authorities combined detected a total of 12 cases, but no value was recorded

Southern unitary authorities 2012/13

Disabled parking (Blue Badge) fraud

Detected cases



Bristol detected: no cases

Southern average: 18 cases

Bristol City Council

Other frauds

- Procurement: 1 case, valued at £3,900
(Ave per Southern UAs: 1 case, valued at £12,882)
- Insurance: no cases
(Total Southern UAs: 4 cases reported, valued at £73,500)
- Social care: 1 case, valued at £108,000
(Ave per Southern UAs: 1 case, valued at £10,933)
- Economic & Third sector: no cases
(Total Southern UAs: no cases reported)
- Internal fraud: 5 cases, valued at £216,922
(Ave per Southern UA: 4 cases valued at £28,045)

*Correctly recording fraud levels is a central element in assessing fraud risk
It is best practice to record the financial value of each detected case*

Any questions?

