

EXECUTIVE

Monday, 7 January 2019

6.00 pm

Committee Room 1, City Hall

Membership: Councillors Ric Metcalfe (Chair), Donald Nannestad (Vice-Chair), Jackie Kirk, Rosanne Kirk, Neil Murray and Fay Smith

Officers attending: Angela Andrews, Democratic Services, Kate Ellis, Jaclyn Gibson, Daren Turner, Simon Walters and Carolyn Wheeler

A G E N D A

SECTION A

Page(s)

MINUTES AND EXTRACTS

1. Confirmation of Minutes - 17 December 2018 **3 - 8**
2. Declarations of Interest

Please note that, in accordance with the Members' Code of Conduct, when declaring interests members must disclose the existence and nature of the interest, and whether it is a disclosable pecuniary interest (DPI) or personal and/or pecuniary.

OUR PEOPLE AND RESOURCES

3. Council Tax Base 2019/20 **9 - 14**
4. Localised Council Tax Support Scheme 2019/20 **15 - 50**
5. Collection Fund Surplus or Deficit - Council Tax **51 - 54**
6. Money Laundering Policy **55 - 76**
7. Counter Fraud Strategy **77 - 122**

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Present: Councillor Ric Metcalfe (*in the Chair*),
Councillor Donald Nannestad, Councillor Jackie Kirk,
Councillor Rosanne Kirk, Councillor Neil Murray and
Councillor Fay Smith

Apologies for Absence: None.

74. Confirmation of Minutes - 26 November 2018

RESOLVED that the minutes of the meeting held on 26 November 2018 be confirmed.

75. Declarations of Interest

No declarations of interest were received.

76. Lincoln High Street Character Appraisal

This item was deferred to enable further work to be undertaken, as recommended by the Planning Committee at its meeting on 5 December 2018.

77. Vulnerable Persons Resettlement Programme

Purpose of Report

To update the Executive on the current position and requirements relating to the Vulnerable Persons Resettlement Programme.

Decision

- (1) That the Executive, on behalf of the Council, expresses its willingness and eagerness to join the Vulnerable Persons Resettlement Programme and, subject to confirmed support from Lincolnshire County Council, agrees to accept three to five families over the course of the next year.
- (2) That the Executive, on behalf of the Council, commits the staffing and financial resources to join the scheme and continues to work in partnership with the other Lincolnshire authorities and relevant agencies to deliver the scheme.
- (3) That, should support from Lincolnshire County Council not be confirmed to progress with the Vulnerable Persons Resettlement Programme, the Executive agrees to support three to five families over the course of the next year should officers advise that it is practicable and possible to do so and that this determination be delegated to the Chief Executive.

Alternative Options Considered and Rejected

None.

Reason for Decision

In Autumn 2015 the Government pledged to accept 20,000 Syrian Refugees into the country from the official refugee camps in Syria by 2020.

The Strategic Migration Partnership in the East Midlands was led by East Midlands Councils. East Midlands Councils was seeking pledges for 75 to 80 families across the region for the March intake and had requested that Lincolnshire considered accepting additional families into the county. North Kesteven and South Kesteven District Councils had pledged to take further families and South Holland District Council had agreed to take a family. It was proposed that the City of Lincoln Council pledged to take three to five families during 2019.

A Lincolnshire Resettlement Group had been formed and was attended by the District Councils, the County Council and other relevant agencies and organisations. The group was chaired by the Deputy Chief Executive at North Kesteven District Council and it was intended that the group would continue to work together to share resources and good practice to progress the intake of further refugees into the county.

The Resettlement Scheme set out a number of requirements which had to be met by receiving authorities, including their arrival, accommodation, support and healthcare as detailed in paragraph 3.2 of the report.

Since the publication of the report it was understood that the County Council's status in relation to its direction and support of the Programme may have changed. This would be established in due course, with the recommendation in the report reflecting that the City Council's commitment would be subject to confirmed support from Lincolnshire County Council.

Councillor Ric Metcalfe, Leader of the Council, was keen to support this Programme. He proposed that the City Council continued to commit to supporting three to five families as set out in the report even if the County Council did not confirm its support, subject to the City Council's officers reviewing the situation and advising that it would be practicable and possible to do so. The Executive supported this proposal.

A question was raised in relation to whether the City Council's involvement in supporting the three to five families would involve the provision of housing. It was noted that a key aspect of the City Council's offer of support in respect of those families would be in the provision of housing, whether that be social housing or private rented housing.

A comment was made regarding the Council's current housing register and any negative feedback that may be received regarding the Council's involvement in the Programme, particularly the provision of housing. Councillor Metcalfe referred to the housing need test which, given the respective families' exceptional circumstances, did not think it would be difficult to reach the conclusion that these people should be given priority with regard to housing need.

78. Exclusion of the Press and Public

RESOLVED that the press and public be excluded from the meeting during consideration of the following items of business because it was likely that if members of the public were present there would be a disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

These items were considered in private as they were likely to disclose exempt information, as defined in Schedule 12A of the Local Government Act 1972. No representations had been received in relation to the proposal to consider these items in private.

79. Investment and Regeneration Opportunity

Purpose of Report

To approve the purchase of a commercial investment.

Decision

That the recommendations contained within the report be approved.

Alternative Options Considered and Rejected

Alternative options considered and rejected were set out in the body of the report.

Reason for Decision

The principle reason for commercial property investment was to secure the economic wellbeing of the city. Acquisition of land or property assets was a direct way of influencing regeneration and the economic development of the area.

The Asset Rationalisation Strategy that supported the Towards Financial Sustainability Programme set out the criteria for property investment by the Council.

It was considered that the proposed development, as set out within the report, was a very attractive investment due to it being situated in a prime location.

80. De Wint Court Redevelopment

Purpose of Report

To provide a progress report and cost plan update to the Executive in respect of the De Wint Court scheme.

Decision

That the recommendations contained within the report be approved.

Alternative Options Considered and Rejected

None.

Reason for Decision

It was reported that officers had progressed De Wint Court in line with previously agreed Executive approvals which was fundamentally to demolish and redevelop De Wint Court.

The scheme would now consist of 70 Extra Care flats and would be supported by grant funding from Lincolnshire County Council and Homes England.

Further details relating to progress made with the scheme, together with the cost plan, as set out in the report, were noted.

Councillor Donald Nannestad put on record his thanks to officers for the consultation that had been held with local members and local residents as part of developing the scheme.

81. Allotment Tenancy Agreement Update

Purpose of Report

To consider the revised Allotment Tenancy Agreement, which would come into operation from 1 February 2019.

Decision

That the new Allotment Tenancy Agreement be approved and that this comes into effect on 1 February 2019, with minor tweaks delegated to officers prior to implementation.

Alternative Options Considered and Rejected

None.

Reason for Decision

Before a prospective allotment tenant could take responsibility for an allotment plot, they must complete and return two copies of a signed and witnessed allotment agreement. The current agreement explained, in detail, the rules and regulations which operated on all allotment sites and also acted as a guide as to what tenants could and could not do.

The current allotment agreement had been in place since 2012 and whilst large proportions of the agreement were still valid and required no modification, some parts required updating and other areas required strengthening in order to assist enforcement.

The revised Allotment Tenancy Agreement, as proposed, was appended to the report.

A number of minor tweaks were suggested to some of the sections within the agreement documentation itself, which officers agreed to take into account.

82. The Future Delivery of the Visitor Information Centre from April 2020 Onwards

Purpose of Report

To seek Executive approval for officers, in consultation with the Portfolio Holder, to pursue two potential options at this stage in relation to the delivery of the Visitor Information Service.

Decision

That the recommendations contained within the report be approved.

Alternative Options Considered and Rejected

Alternative options considered and rejected were set out in the report.

Reason for Decision

Details relating to the proposed options for the Visitor Information Service were set out in the report.

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SUBJECT:	COUNCIL TAX BASE 2019/20
DIRECTORATE:	CHIEF EXECUTIVE
LEAD OFFICER:	CLAIRE MOSES, REVENUES AND BENEFITS MANAGER (SHARED SERVICE)

1. Purpose of Report

1.1 The purpose of this report is to seek Members' recommendation of the Council Tax Base for the financial year 2019/20

2. Executive Summary

2.1 This report is submitted to the Executive each year and sets out the calculation of the Council Tax Base for the following financial year.

3. Background

3.1 The Local Government Finance Act 1992 and Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) require the Council to formally set its Tax Base as the first stage of the Council Tax setting process.

4. Special Items

4.1 Before setting the Council Tax Base, the issue of any special items relating to a part of the Council's area must be considered. If there are any items of expenditure that relate to one part of the local authority area, then that expenditure can be levied on those residents in that area and not on others.

4.2 There are no items of special expenditure.

5. Council Tax Base

5.1 Certain assumptions have to be made in order to determine the number of dwellings within the Authority's area, and these are set out in Appendix A.

5.2 The calculation of the Council Tax base, detailed in Appendix B, shows the number of Band D equivalent chargeable dwellings as being 24,299 This is based on the Regulations in paragraph 3.1 above and assumes that 98.75% of the Council Tax due for 2019/20 will be collected.

5.3 The Council Tax base number of Band D equivalent chargeable dwellings for 2019/20 has been calculated as 28,717– less 4,418 deduction calculated for the localised Council Tax Support scheme – resulting in a proposed Council Tax base for 2018/19 of 24,299.

6. Organisational Impacts

- 6.1 Finance: The Council must confirm its Council Tax Base as a pre-requisite to setting the Council Tax charge for 2019/20.
- 6.2 Legal Implications: The Local Government Finance Act 1992 and Statutory Instrument No 1992/612 – Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) set out the requirement for the Council to confirm and formally approve its Council Tax Base and notify it to its precepting bodies. The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 provide for Councils to make technical changes to certain discounts from April 2013.
- 6.3 Equality and Diversity: There are no specific equality and diversity impacts as a direct result of this report.

7. Recommendations

- 7.1 The Executive is asked to recommend to Council that it:
- a) Notes that there are no special items as defined in Section 35 of the Local Government Finance Act 1992 (as amended) applicable to any part or parts of the City of Lincoln local authority area;
 - b) Approves the Chief Finance Officers' calculation of the Council Tax Base for the financial year commencing 1 April 2019 and ending 31 March 2020, as set out in Appendix B of this report;
 - c) Approves, in accordance with the Chief Finance Officers' calculation, and pursuant to the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended), that the Council Tax Base for the 2019/20 financial year is 24,299.

Key Decision	No
Do the Exempt Information Categories Apply	No
Call In and Urgency	No
Does the report contain Appendices?	Yes
If Yes, how many Appendices?	Two
List of Background Papers:	None

Lead Officer: Claire Moses, Revenues and Benefits Manager (Shared Service), Telephone (01522) 873764

APPENDIX A: Executive 7th January 2019

Assumptions made in the Calculation of the Council Tax Base (See APPENDIX B)

Number of Dwellings:	The number of dwellings on the Council's database as at 30 November 2018
Exempt properties:	These are laid down by Regulations and are properties exempt from Council Tax, e.g. student occupied property. The total in each of the exemption categories has been calculated as at 30 November 2018 and it has been assumed that the exemption will remain throughout 2019/20.
Disabled relief:	These are properties that are occupied by disabled persons and may be placed in a lower valuation band if they fulfil the criteria laid down by the Regulations. The number of these properties has been calculated at 30 November 2018 and it has been assumed that the relief will remain throughout 2019/20.
Discounts on relevant Day – i.e. 25%, 50%, 10% + 100% levy:	These are laid down by Regulations, in addition to technical changes introduced from April 2013, and are properties subject to a percentage discount from the Council Tax, i.e. second homes, single person households or empty properties. The total in each of the discount categories has been calculated as at 30 November 2018 and it has been assumed that the discount will remain throughout 2019/20.
Net additions expected In year:	This is an estimate of the number of dwellings known to be currently under construction plus the anticipated number to be constructed throughout 2019/20. Account is taken where dwellings will not come into a charge until part way through the year. Adjustments to discounts and exemptions and appeals are also taken into account
Collection Rate:	It is assumed that 98.75% of the Council Tax due for 2019/20 will be collected.
Council Tax Support:	These are estimates of the amount of Council Tax Support to be granted in 2019/20 (localised replacement scheme for Council Tax Benefit from April 2013).

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Appendix B: City of Lincoln - 2019/20 Council Tax Base Estimate as at 30 November 2018

Valuation Bands	A-	A	B	C	D	E	F	G	H	TOTAL
Properties	0.00	27573.00	8878.00	4899.00	2530.00	1282.00	402.00	135.00	45.00	45744.00
Exempt properties	0.00	-2257.00	-628.00	-224.00	-113.00	-274.00	-23.00	-5.00	-23.00	-3547.00
Disabled Band Reductions	61.00	2.00	-11.00	-30.00	-11.00	-5.00	-2.00	6.00	-12.00	-2.00
Adjusted Chargable Dwellings	61.00	25318.00	8239.00	4645.00	2406.00	1003.00	377.00	136.00	10.00	42195.00
25% Discounts (SPD and disregards)	-3.50	-2923.25	-651.25	-307.25	-134.75	-45.50	-17.25	-3.50	0.00	-4086.25
25% Discounts (less than 2 years)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
50% Discounts (empty properties)	0.00	-67.00	-12.00	-6.00	-6.50	-2.00	-4.00	-7.50	-3.00	-108.00
10% Discounts (second homes)	0.00	-17.40	-9.00	-4.30	-1.80	-1.20	-0.30	-0.20	0.00	-34.20
0% Discounts (second homes)	0.00	-3.99	-0.93	-0.55	-0.29	-0.27	-0.09	-0.01	0.00	-6.13
100% Discounts	0.00	-246.00	-48.00	-16.00	-11.00	-1.00	0.00	0.00	0.00	-322.00
50% levy	0.00	201.00	34.00	16.00	8.00	2.00	2.00	6.00	0.00	269.00
Estimated Future Adjustment	0.00	218.00	59.00	32.00	17.00	8.00	3.00	1.00	0.00	338.00
Adjusted Dwellings	57.50	22479.36	7610.82	4358.90	2276.66	963.03	360.36	131.79	7.00	38245.42
Ratio to Band D	5/9th	6/9th	7/9th	8/9th	9/9th	11/9th	13/9th	15/9th	18/9th	
Band D Equivalent	31.94	14986.24	5919.53	3874.58	2276.66	1177.04	520.52	219.65	14.00	29020.16
Less Estimated non-collection (1.25%)	-0.40	-187.33	-73.99	-48.43	-28.46	-14.71	-6.51	-2.75	-0.18	-362.75
Crown Properties	0.00	36.17	11.64	6.43	3.32	1.68	0.53	0.18	0.06	60.00
Adjusted to Band D Equivalent	31.55	14835.08	5857.18	3832.57	2251.52	1164.01	514.54	217.08	13.88	28717.40
CTR (Working Age)	-8.11	-2555.47	-193.59	-62.22	-28.90	-6.48	-1.16	0.00	0.00	-2855.92
CTR (Pensioner Age)	-2.78	-1188.07	-229.13	-109.07	-24.30	-6.48	-1.88	0.00	0.00	-1561.70
Council Tax Base	20.66	11091.54	5434.46	3661.28	2198.32	1151.05	511.51	217.08	13.88	24299.78

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SUBJECT: LOCALISED COUNCIL TAX SUPPORT SCHEME 2019/20

DIRECTORATE: CHIEF EXECUTIVE

REPORT AUTHOR: CLAIRE MOSES, REVENUES AND BENEFITS MANAGER

1. Purpose of Report

- 1.1 For Executive to review consultation responses and consider City of Lincoln Councils' proposed Localised Council Tax Support Scheme (CTS) for 2019/20.

2. Executive Summary

- 2.1 The Government abolished Council Tax Benefit (CTB) from 1st April 2013 which was a 100% funded scheme and replaced it with a local Council Tax Support (CTS) discount scheme with a cash-limited fixed grant.
- 2.2 City of Lincoln must approve a local Council Tax Support scheme for 2019-20 by 31 January 2019. Council Tax Support schemes cannot be changed mid-financial year. The Council carries the risk if caseloads and expenditure increases more than expected.
- 2.3 The consultation process for the draft CTS Scheme in respect of 2019/20 began on 1 November 2018 with major preceptors, stakeholders and public consultation and ended on 14 December 2018.
- 2.4 There were nine options which were included within the consultation. The options include changes to the Council Tax Support Scheme, to technical changes within the Council Tax billing process. These options are included in paragraph 5.3 of the report.
- 2.5 It is also recommended that the Council's CTS Hardship Fund is maintained at a cost of £20,000 to respond to the demand for further support with Council Tax costs.

3. Background

- 3.1 The Council Tax Benefit system was abolished on 31st March 2013 and replaced by the Council Tax Support Scheme. This scheme can be determined locally by the Billing Authority having had due consultation with precepting authorities, key stakeholders and residents. As at 30 November 2018, there were 8,641 residents claiming Council Tax Support in the Lincoln District. 3,016 are pensioners who are protected under the legislation and receive Council Tax Support as prescribed by the Government (broadly similar to the level of Council Tax Benefit). It is the 5,625 working age claimants where a local scheme can be determined which can change the level of support provided.

4. Reviewing the Council Tax Support scheme

- 4.1 Every Billing Authority must consider whether it will revise its Council Tax Support scheme by 31st January every year and allow for a period of consultation with its major preceptors and other stakeholders before it is approved by full Council as required by the Local Government Finance Act 2012. A CTS scheme cannot be changed mid-financial year.
- 4.2 The proposed CTS scheme must go through certain steps to comply with the provisions stated in the Local Government Finance Act 2012 before it can be adopted by this Council as a Billing Authority:-

Before making a scheme, the authority must (in the following order):-

- (a) consult any major precepting authority which has power to issue a precept to it,*
- (b) publish a draft scheme in such manner as it thinks fit, and*
- (c) consult such other persons as it considers are likely to have an interest in the operation of the scheme*

- 4.3 Throughout 2018/19, claimant caseload has continued to reduce. It was expected to reduce due to national work incentives being rolled out through the Jobcentre Plus, implementation of Universal Credit Full Service in March 2018, as levels of employment remain at record highs and as a result of our previous policy changes.

Caseload has decreased from 8,853 in April 2018 to 8,641 at 30 November 2018 and as such the current cost of the scheme for 2018/19 is lower than the predicted cost outlined in the Taxbase calculation which was undertaken in December 2017.

In terms of future caseload we are forecasting the caseload to reduce further as a result of national work incentives being rolled out through the Jobcentre Plus, continued implementation of Universal Credit and the recovery of the economy and impact on income levels. In addition there a number of initiatives and reviews being undertaken across the whole caseload which is reducing/removing entitlement (this includes Verification of Earnings and Pensions, National real time data from HMRC, earnings, and self-employed reviews) which contribute to a reduction in caseload. However, it should be noted that as the Brexit negotiations continue to progress there is a potential negative impact on the economy. This has the potential to impact on the claimant caseload although it is unlikely to do so in the initial years. Officers have stated the use of Universal Credit income for some customers, will also result in a reduced CTS award, and potentially a nil award.

Officers have modelled a 1% caseload decrease, which is shown in **Appendix 1**.

4.4 The table below show the caseload changes from 1 April 2013

Table 1:

	Total Caseload	Pension Caseload	Working Age caseload
Apr-13	11018	4077	6941
Jul-13	10947	4036	6911
Oct-13	10829	3996	6833
Jan-14	10765	3935	6830
Apr-14	10603	3889	6714
Jul-14	10378	3827	6551
Oct-14	10171	3781	6390
Jan-15	10124	3724	6400
Apr-15	10108	3679	6429
Jul-15	10048	3644	6404
Apr-16	9581	3463	6118
Jul-16	9500	3417	6083
Apr-17	9194	3275	5919
Jun-17	9160	3243	5917
Apr-18	8853	3115	5738
Jul-18	8744	3066	5678
Oct-18	8669	3021	5648
Nov-18	8641	3016	5625

5. Support Scheme for 2019-20

5.1 In August 2018, in order to inform the proposed changes for the consultation process, various scenarios were modelled taking into account a number of different changes to the current scheme, such as current Council Tax and caseload levels, and an increase in Council Tax and decrease in caseload. These scenarios have since been remodeled based on the caseload as at 30 November 2018 (as this date is used to calculate the Council Tax Base for 2019/20). Based on the current core elements of the existing scheme, a caseload reduction of 1% has been modelled, along with an increase in Council Tax.

5.2 However, as a billing authority the Council can decide whether or not to amend core elements of its scheme each year. Officers have therefore considered a number of potential options that will have a direct budgetary impact on the amount of Council Tax Support paid. Options 1 to 5 have been modelled and are as follows and shown in **Appendix 1**. In developing the modelling for each of the Council Tax Support Scheme options a number of assumptions have been made, as follows:

- Uprating Freeze for Social Security benefits, including Housing Benefit for 4 years

- As the Council and major preceptors are likely to set differing levels of Council Tax increases it creates a variety of modelling scenarios. An overall increase on all elements of 4% has therefore been assumed. The final cost of the scheme will though be increased by the level of Council Tax increases applied.
- 1% reduction in caseload for 2019/20.
- Collection Rate of 98.75%. The current Council Tax base is calculated on this collection rate which takes into account in year collection and collection of arrears. For 2019/20 it is proposed that the collection rate, based on current collection, is maintained at 98.75%. Although the proposed changes will require some taxpayers who have not previously paid Council Tax to now be liable for an element of their Council Tax, the number of customers affected and the value of those impacts are not considered to have a significant impact on the overall collection rate. Modelling therefore assumes a collection rate of 98.75%.

5.3 The options considered are as follows:

- **Option 1: No change to the current scheme:** With 4% Council Tax increase and 1% caseload decrease;
- **Option 2: Reducing maximum savings limit:** The current maximum savings limit (the savings limit over which one is no longer eligible for Support) is £10,000. **Officers have modelled a reduction in savings limit of £9,000, £8,000, £7,000 and £6,000. These are shown in Appendix 1.**
- **Option 3: Increasing minimum entitlement:** The current minimum entitlement amount is £2. This means, any customer with a Council Tax Support award of less than £2 will not be entitled. **Officers have modelled an increase in minimum entitlement limit of £2.50, £3.00, £3.50 and £4.00. These are shown in Appendix 1.**
- **Option 4: Removal of family premium:** The family premium is an additional amount which can be added to a households applicable amount – essentially increasing the amount of Council Tax Support which can be awarded. From 1 May 2016, the Government made a number of changes to benefits and tax credits for people with children, and this was one of those changes. For Council Tax Support, it was for the Local Authority to decide whether the premium would be removed. **Officers have modelled the removal of this premium. This is shown in Appendix 1.**
- **Option 5: Universal Credit Changes:** Universal Credit (UC) awards are reviewed on a monthly basis, in line with changes to the customer's circumstances during each month – such as changes to wages. The DWP issue billing authorities with details of the new UC award and billing authorities are then required to re-assess the Council Tax Support. Since 1 April 2018, there have been 10,789 documents from the DWP – all of which have required an assessment decision. In turn, the monthly re-assessment of Council Tax Support results in a revised Council Tax bill being issued to

the customer. As a result, the Council Tax instalment is amended, and potentially, the date the payment is due could be moved back, to allow 14 days' notice of payment for the instalment. This could result in direct debits failing, with customers needing to re-set these. UC CTS customers could potentially receive 12 adjusted council tax bills each year. This will also increase the cost of administration by the assessment and billing team, along with printing and postage costs.

To mitigate this impact, Officers are currently considering ways in which the UC income can be used within a CTS calculation. One of the options is to introduce a UC CTS banded scheme.

The income-banded scheme will assess the maximum level of Council Tax Support based on the net income of the applicant and their partner if they have one, as well as any children, if they have them.

Under this scheme, as part of our ongoing commitment to support vulnerable people, we will continue to disregard certain benefits for the income used in the assessment.

Working-age households will receive a discount, depending on the level of their income. This means we will look at the net income after disregarding certain benefits and decide what band the income falls into. The customer will then be awarded a percentage level of Council Tax Support in line with the table below.

Officers are currently modelling the scheme within the parameters of the Revenues and Benefits software. However, the principle of the banded scheme was included as part of the consultation process, as follows:-

UC CTS Level	Passport	Single Income Band £	Couples Income Band £	Family with 1 child Band £	Family with 2 or more children Band £
A – 90%	Relevant Benefit	£0.00 to £110.00	£0.00 to £160.00	£0.00 to £210.00	£0.00 to £260.00
B – 85%	N/A	£110.01 to £150.00	£160.01 to £200.00	£210.01 to £250.00	£260.01 to £300.00
C – 50%	N/A	£150.01 to £230.00	£200.01 to £270.00	£250.01 to £330.00	£300.01 to £370.00
D – 25%	N/A	£230.01 to £300.00	£270.01 to £350.00	£330.01 to £400.00	£370.01 To £450.00
E – 0%	N/A	£300.01 and above	£350.01 and above	£400.01 and above	£450.01 and above

None of these options are mutually exclusive and it is possible to select a number of proposals in order to develop the final scheme.

5.4 Council Tax Technical Changes – options 2019/20

In addition to the changes to the core elements of the scheme that the Council can choose to make, it can also consider a number of technical changes in respect of Council Tax charges. Three further options have been considered in this respect, option 7 will have a direct impact on the level of Council Tax charged, option 7 will have a cost impact to City of Lincoln Council's budget and option 8 will result in an administrative efficiency for the Council Tax Billing team. Options 6 and 7 have been modelled and are as follows and shown in **Appendix 1**:

- 5.5
- **Option 6: Council Tax empty homes premium:** From 1 April 2013, billing authorities have been able to charge a premium on a class of property that has been unoccupied and unfurnished for 2 years or more. Currently the premium can be up to 50% of the Council Tax on the property. From 1 April 2019, councils will have the powers to charge even greater premiums on homes left empty following an amendment to a government Bill.

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill had its Third Reading by the House of Lords on 18 July 2018. The amendments to the Bill, if passed, will be in legislation from 1 April 2019, and will allow billing authorities to charge higher premiums on homes left empty.

The legislation will provide the following: –

- April 2019 – any property empty over two years to receive a premium of 200%;
- April 2020 – any property empty over five years to receive a premium of 300%; and
- April 2021 – any property empty over ten years to receive a premium of 400%

The impact of increasing the premium to 200% from 1 April 2019 can be seen in **Appendix 1**.

Decisions on whether to charge a premium, and the exact rates to be charged will remain a matter for Councils, taking local circumstances into account.

The vast majority of Councils have already introduced the 50% premiums, and, where councils have applied the premium consistently every year, there has been a 9% fall in the number of homes being charged the premium. However, in City of Lincoln, this figure has fluctuated since April 2014 as follows: -

Year	Total Properties
2014/15	133
2015/16	58
2016/17	107
2017/18	93
2018/19	118
2019/20	135

To ensure the proposed new powers are not used to unfairly punish those facing difficult circumstances, the government announced on 18 July 2018 that it will publish revised guidance for councils on the use of premiums. This will take into account issues relating to low-demand areas and ensure it does not hinder complex regeneration schemes.

The government is clear that the premium must not be applied where homeowners can demonstrate that their properties are genuinely on the market for sale or rent, or in cases of hardship.

- **Option 7: Care leavers Council Tax Exemption:** In July 2016, HM Government, Edward Timpson, Minister of State for Children and Families produced a report titled [‘Keep On Caring - Supporting Young People from Care to Independence’](#). The report encourages all local authorities to consider how they can support their care leavers, using flexibilities at their disposal. One of these flexibilities is through the award of a Council Tax exemption.

Appendix 1 provides details of the cost of the proposed exemption. If we were to assume support as indicated above for those 42 cases, the total cost would be £43,470. For City of Lincoln, this would be a cost of £6,955. This would be broken down as follows: -

- 100% support for those aged 18-21 (21st birthday) = 34 cases. Full support at average Band A (£1,144) would be £38,895. For City of Lincoln, this would be a cost of £6,223; and
 - 50% support for those in transition up to their 22nd birthday = 8 cases. Support at average Band A (£1,144) would be £4,576. For City of Lincoln, this would be a cost of £732.
- **Option 8: Unoccupied and unfurnished properties:** These are currently allowed a 50% exemption for the first two months that they are unoccupied and thereafter a no reduction until the property becomes a long term empty. This reduction has applied since April 2017. Prior to April 2017 the amount of the reduction in the first two months was 100%.

The change in the percentage amount over the last year has had some operational consequences, some of which were anticipated and others were not. The consequences have been:

- (i) All periods when a property is unoccupied have become subject to a charge meaning that even if the property is only unoccupied for a day or two there is a small charge, which is too small to be enforceable, meaning that a sizeable portion of the perceived extra income has not been realised.

The billing process has been complicated by the charge, as we issue in the first instance a bill with a 50% discount for the rest of the year with instalments starting the following month.

- (i) Often before the instalment has become due, the Council issue another bill with the 50% discount being awarded for 2 months and no discount thereafter, with further adjusted instalments becoming due from the end of the two month period. The confusion arises because there is a chargeable from the first day of un-occupancy and then a change in the charge after two months.
- (ii) Tenants moving between rented properties often have tenancies that overlap by a few days or even weeks. Under the discount scheme prior to April 2017, this was of no concern as they attracted a 100% at whichever property they had either vacated or not yet occupied. Under the new scheme they attract a 50% charge at the unoccupied property in addition to the charge at the occupied property. For tenants in receipt of benefits, there is no access to CTS for a property that is unoccupied.

These issues have occurred specifically because the initial discount level is no longer set at 100%. Returning the value to 100% but reducing the length of its award to say 1 month, would resolve these matters, potentially improve the amount collected and meet the Council's priorities with regard to reducing poverty.

In addition, the fact that there is no discount for unoccupied properties after the initial period has expired, means that the taxpayers of unoccupied property have no legal responsibility to notify the Council if the properties become occupied (as their legal duty only extends to notifying the Council about changes affecting discounts).

The Council could consider:

- (i) Reverting the discount level for properties that become unoccupied to 100%
- (ii) Amending the length of time the initial discounted amount, perhaps to 1 month
- (iii) Consider applying a small discount after the initial period, as this would place a legal responsibility on landlords to notify the Council when tenants occupy properties and allow the imposition of penalties on those landlords who avoid their responsibility.

- 5.6 **Continuation of the Exceptional Hardship Scheme:** Exceptional Hardship Payments (EHP) assist persons who have applied for Council Tax Support and who are facing 'exceptional hardship' – it is similar to the Discretionary Housing Payment for Housing Benefit shortfalls. EHP provides a further financial contribution where an applicant is in receipt of Council Tax Support but the level of support being paid by the Council does not meet their full Council Tax liability.

The Council is required to provide financial assistance to the most vulnerable residents, who have been disproportionately affected by the changes made in 2019 to the Council Tax Support Scheme. Since April 2013, the Council agreed to introduce an Exceptional Hardship scheme each year, in order to provide a safety net for customers, in receipt of Council Tax Support who were experiencing difficulty paying their council tax.

The current EHP budget is £20,000 and the cost of EHP awards is being borne solely by City of Lincoln. Up to 30 November 2018, 2018/19 Exceptional Hardship Scheme spend is £13,694.

- 5.7 There will be some technical changes that will still need to be applied to ensure that the Council's scheme complied with the Prescribed Scheme Regulations (covering Universal Credit, premiums and discounts). These details are still awaiting from the Ministry of Housing, Communities and Local Government (MHCLG).
- 5.8 Technical amendments to the scheme in relation to uprating income, applicable amounts, disregards and allowances are to be collated once statutory details have been released by the Secretary of State; it is intended that these will be circulated to Members for consideration at the Executive meeting on 7 January 2019. There will be no change to the adopted policy in the way CTS is calculated for these areas. Officers have considered if there is any need for any transitional arrangements to the revised scheme and concluded transitional arrangements are not needed for the 2019/20 scheme.

6. National Council Tax Support Schemes

6.1 Of the 326 Councils that administer Council Tax Support in England, the following information gives an overview of the schemes in operation: -

- 264 Councils have introduced a 'minimum payment' which requires everyone to pay at least some council tax regardless of income. A minimum payment can be administered in a range of ways. Most local authorities with a minimum payment require all residents to pay a proportion of their council tax, and they are only entitled to Council Tax Support for the remaining share. Lincolnshire Districts currently have a range of maximum entitlement from 75% to 90%. Officers have not modelled changes to this **City of Lincoln have not included this in the 19/20 scheme consultation.**
- 100 Councils have introduced a band cap which involves limiting the amount of support granted in higher banded properties. The most common band cap applied is D. **City of Lincoln have included a cap at Band B in their scheme since 1 April 2017.**
- 98 Councils have lowered the maximum savings limit (the savings limit over which one is no longer eligible for Support). Most of these have reduced the threshold from £16,000 to £6,000. **City of Lincoln have a maximum savings limit of £10,000 in their scheme from 1 April 2017. City of Lincoln have modelled changes to this limit in their 2019/20 scheme – as shown in Appendix 1, Option 2.**
- 58 Councils have introduced a minimum CTS entitlement. This would result in claimants entitled to less than the 'minimum CTS entitlement' would receive no support. **City of Lincoln have a minimum entitlement of £2 per week in their scheme from 1 April 2017. City of Lincoln have modelled changes to this limit in their 2019/20 scheme – as shown in Appendix 1, Option 3.**
- 25 Councils have not made any changes to the scheme.
- Some Councils have introduced more than one of the above measures.
- Councils have also been able to bring Council Tax Support schemes in line with Housing Benefit and Universal Credit legislation. One of the ways in which this has been achieved is to remove the family premium. City of Lincoln did not include this within their scheme for 2018/19. **City of Lincoln have modelled this in their 2019/20 scheme – as shown in Appendix 1, Option 4.**

Further information can be found on the 326 schemes at <http://www.counciltaxsupport.org/schemes/>

7. Key findings from consultations

7.1 Based on the modelling undertaken in August 2017, the Executive at its meeting on 29 October 2018 agreed to consult on all options put forward as outlined in paragraphs 5.3 to 5.6.

- 7.2 A formal consultation was held from 1 November 2018 to 14 December 2018. Letters were issued to all customers in receipt of Council Tax Support, with a link to the electronic survey which was made available on the Council's website, as well as through direct emails, press releases, Facebook and Twitter posts. In total, 252 surveys were completed (this is in comparison to 387 the previous year).
- 7.3 Details of the public consultation responses are included as **Appendix 2**, and presented the findings from the consultation.
- 7.4 The proposals were also considered by the Policy Scrutiny Committee at its meeting on 13 November 2018. The report was received well by the Committee, however, there were mixed opinions about Members' preferred options. The Committee minutes in relation to this item are included at **Appendix 3**.
- 7.5 Additional consultation responses have been received from Lincolnshire County Council (**Appendix 4**), as the Council's Major preceptors for Council Tax and the Police and Crime Commissioner for Lincolnshire (**Appendix 5**).

8. Timetable

- 8.1 The timetable to approve any change to the new scheme takes into account the existing calendar of meetings. The full council as Billing Authority needs to approve the scheme after consultation as outlined in paragraph 4.1.
- 8.2 The timetable is as follows: -
- Executive – 7 January 2019
 - Council – 22 January 2019 - the Local Government Finance Act 2012 requires a full review of the scheme with the Billing Authority needing to approve a new scheme after consultation by 31 January 2019.

9. Strategic Priorities

9.1 Let's drive economic growth

Council Tax Support has a key role in Reducing Poverty and disadvantage by ensuring residents in those households who cannot afford to pay their Council Tax receive financial support. The changes to Council Tax Support form part of the national welfare reform agenda, with the risks of changes to numbers of claimants due to economic change and funding gap costs being passed from central government to local authorities. Central government now has a fixed cost funding arrangement whereas local government must set a scheme in advance of the financial year it applies to but cannot change it should circumstances change unexpectedly or if the assumptions used to decide the scheme are not realised. Central government states that this places responsibility for the local economy such as creating businesses and jobs on local government as part of the localism agenda.

9.2 Let's reduce inequality

The Authority will be obliged to comply with its general equality duty under the Equality Act 2010. The scheme is being amended in line with statutory requirements and uprating the financial allowances. Early modelling shows the number of customers affected and pay how much (total and average per week). Once a decision has been made regarding the options of modelling, an equality impact assessment will be undertaken.

Council Tax Support awards are notified on Council Tax bills. If the scheme were likely to change, consultation with precepting authorities, stakeholders (such as Citizens Advice and Financial Inclusion Partnership) and residents would be required. Once a decision has been made, notification within Council Tax bills and annual CTS uprating letters would be issued advising claimants of the decision once their award for the new financial year is known.

10. **Organisational Impacts**

10.1 Finance (including whole life costs where applicable)

The actual cost of the discount scheme in 2019/20 will not be known for certain until the end of the financial year and will be dependent on the actual caseload in year as well as the levels of Council Tax set by the City Council and the major precepting authorities.

An indicative range of costs based on various scenarios for 2019/20 is set out in **Appendix 1**.

The estimated cost of the scheme, based on current caseload, is taken into consideration when calculating the Council's tax base for the financial year and will impact on the estimated Council Tax yield for the year. Any difference in the actual cost of the discount scheme to that estimated in the tax base calculation will be accounted for within the Collection Fund and will be taken into account when future years surpluses or deficits are declared.

The Exceptional Hardship Scheme fund of £20,000, made available during 2018/19, will continue to be available into 2019/20.

10.2 Legal Implications including Procurement Rules

The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012, laid before Parliament on 22nd November 2012, set out the regulations for a default scheme and this was adopted by the Council subject to local policy needs in January 2013. The Secretary of State has issued amendment regulations setting out some changes that must be adopted by the Council for pensioners and the Council has also decided in 2013 to keep the schemes allowances and premiums in line with those for Housing Benefit for working age claimants. These are incorporated into amendments to the local scheme for approval by the Council.

The regulations for the City of Lincoln Council scheme proposed to be adopted are to be collated and made available for Council in January 2019.

10.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

The Authority will be obliged to comply with its general equality duty under the Equality Act 2010 and is shown in **Appendix 6**. The scheme is being amended in line with statutory requirements and uprating the financial allowances.

11. Risk Implications

- 11.1 The Council bears the risk of the cost of the Council Tax Support scheme should caseload increase causing the cost to increase more than predicted;
- 11.2 The final cost of the scheme could be increased to that modelled if the level of Council Tax increases above 4% (level applied in modelling);
- 11.3 Any revisions to the scheme must be approved by 31st January 2019 before the financial year begins;
- 11.4 The scheme cannot be changed mid-year and therefore it is vital the correct scheme is in place.

12. Recommendations

- 12.1 Executive is asked to recommend to Council that it: -
 1. Reviews consultation responses relating to the Localised Council Tax Support Scheme for 2019/20;
 2. The Exceptional Hardship Scheme fund of £20,000, made available during 2018/19, will continue to be available into 2019/20.
 3. Considers the proposed City of Lincoln Council's Localised Council Tax Support scheme for 2019/20 as below, and refer to Full Council for approval the following changes to the 2018/19 scheme: -
 - Reduce the maximum savings limit to £8,000; and
 - Introduce a 200% premium charge for properties empty over 2 years; and
 - Introduce a care leavers council tax exemption; and
 - Revert the discount level for domestic properties that become unoccupied to 100% for the first month.

Is this a key decision? Yes

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? 6

Appendix 1: Modelling of options of 2019/20 scheme
Appendix 2: Consultation Outcome
Appendix 3: 13 November 2018 Policy Scrutiny Committee minutes
Appendix 4: Response from Lincolnshire County Council
Appendix 5: Response from The Police and Crime Commissioner
Appendix 6: Equality Impact Assessment

List of Background Papers: None

Lead Officer: Claire Moses, Revenues and Benefits Manager
Telephone (01522) 873764

Council Tax Support Scheme Options for change as at 30 November 2018

The following options have been put forward for consideration.

Option 1: No change to current scheme		Estimated Total Spend	Difference to MTFS (£7,815,572) – increase / (decrease)	City of Lincoln Saving – 16%	Amount expected to be collected using collection figure of 98.75%
i	Current scheme only – 4% council tax increase, 2% income increase and 1% reduction in caseload	£7,663,433	(£152,139)	(£24,342)	(£24,038)

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The following options have been put forward for consideration with a council tax increase of 4% and an income increase of 2%. When calculating the impact per week, the caseload reduction has already been taking into account using the figure in Option 1.

Option 2: Reducing maximum savings limit		Estimated Total Spend	Difference to MTFS (£7,815,572) – increase / (decrease)	City of Lincoln Saving – 16%	Amount expected to be collected using collection figure of 98.75%	No. Customers Affected	Impact per customer per week (£) Average
i	Current scheme only – £9,000	£7,663,433	(£152,139)	(£24,342)	(£24,038)	0 – all passported	£0.00
ii	Current scheme only – £8,000	£7,662,342	(£153,230)	(£24,517)	(£24,210)	3	£16.61

Option 2: Reducing maximum savings limit		Estimated Total Spend	Difference to MTFS (£7,815,572) – increase / (decrease)	City of Lincoln Saving – 16%	Amount expected to be collected using collection figure of 98.75%	No. Customers Affected	Impact per customer per week (£) Average
						(10 in total but 7 passported)	
iii	Current scheme only – £7,000	£7,657,365	(£158,206)	(£25,313)	(£24,997)	9 (19 in total but 10 passported)	£16.17
iv	Current scheme only – £6,000	£7,653,794	(£161,778)	(£25,884)	(£25,561)	13 (27 in total but 18 passported)	£16.48

Option 3: Increasing minimum entitlement		Estimated Total Spend	Difference to MTFS (£7,815,572) – increase / (decrease)	City of Lincoln Saving – 16%	Amount expected to be collected using collection figure of 98.75%	No. Customers Affected	Impact per customer per week (£)
i	Current scheme only – £2.50	£7,662,858	(£152,714)	(£24,434)	(£24,129)	106	£0.34
ii	Current scheme only – £3.00	£7,659,815	(£155,757)	(£24,921)	(£24,610)	133	£0.98

Appendix 1 – Executive – 7 January 2019 – Council Tax Support Scheme 2019/20

Option 3: Increasing minimum entitlement		Estimated Total Spend	Difference to MTFS (£7,815,572) – increase / (decrease)	City of Lincoln Saving – 16%	Amount expected to be collected using collection figure of 98.75%	No. Customers Affected	Impact per customer per week (£)
iii	Current scheme only – £3.50	£7,651,862	(£163,710)	(£26,194)	(£25,866)	184	£1.36
iv	Current scheme only – £4.00	£7,646,954	(£168,618)	(£26,979)	(£26,642)	210	£1.87

Option 4: Removal of family premium		Estimated Total Spend	Difference to MTFS (£7,815,572) – increase / (decrease)	City of Lincoln Saving – 16%	Amount expected to be collected using collection figure of 98.75%	No. Customers Affected	Impact per customer per week (£)
1	Current scheme only – removal of family premium	£7,598,073	(£109,744)	(£34,800)	(£34,365)	1,616	£0.98

Council Tax Technical Options for change as at 31st July 2018

Option 6: Council Tax Empty Homes Premium	Council Tax Band	Total properties per band	Additional revenue per band @ 200%	Total additional revenue	City of Lincoln Additional revenue – 16%	Amount expected to be collected using collection figure of 98.75%
Introduce 200% premium charge for properties empty over 2 years	A	97	£572	£55,484	£8,877	£8,766
	B	16	£667	£10,672	£1,708	£1,686
	C	7	£762	£5,334	£853	£843
	D	10	£858	£8,580	£1,373	£1,356
	E	1	£1,048	£1,048	£168	£166
	F	1	£1,239	£1,239	£198	£196
	G	3	£1,429	£4,287	£686	£677
	H	0	£1,715	£0	£0	£0
Total		135		£86,844	£13,863	£13,690

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Option 7: Care leavers council tax exemption	Age	Total	Average Band A charge	Cost of exemption @ 100%	Cost to City of Lincoln @ 16%	Cost of exemption @ 50%	Cost to City of Lincoln @ 16%
	16	1	£1143.96	£1,144	£183	N/A	N/A
	17	4	£1143.96	£4,576	£732	N/A	N/A
	18	11	£1143.96	£12,584	£2,013	N/A	N/A
	19	10	£1143.96	£11,440	£1,830	N/A	N/A
	20	13	£1143.96	£14,871	£2,379	N/A	N/A
	21	8	£1143.96	£9,152	£1,464	£4,576	£732
	22	0	£1143.96	£0	£0	N/A	N/A

Appendix 1 – Executive – 7 January 2019 – Council Tax Support Scheme 2019/20

	23	0	£1143.96	£0	£0	N/A	N/A
	24	1	£1143.96	£1,144	£183	N/A	N/A
	25	3	£1143.96	£3,432	£549	N/A	N/A
Total	N/A	42	N/A	£38,895	£6,223	£4,576	£732

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Public Consultation Responses

Option 1: Principles of the current scheme:

- 67% of respondents agreed
- 18% of respondents disagreed; and
- 15% of respondents did not know.

Option 2: Maximum savings limit:

- 46% of respondents agreed with the reduction of the maximum savings limit to £9,000;
- 8% of respondents agreed with the reduction of the maximum savings limit to £8,000;
- 3% of respondents agreed with the reduction of the maximum savings limit to £7,000;
- 15% of respondents agreed with the reduction of the maximum savings limit to £6,000;
- 28% of respondents did not know.

Option 3: Minimum entitlement:

- 33% of respondents agreed with increasing the minimum entitlement to £2.50;
- 11% of respondents agreed with increasing the minimum entitlement to £3.00;
- 5% of respondents agreed with increasing the minimum entitlement to £3.50;
- 23% of respondents agreed with increasing the minimum entitlement to £4.00;
- 29% of respondents did not know.

Option 4: Removal of the Family Premium

- 33% of respondents agreed;
- 45% of respondents disagreed; and
- 22% of respondents did not know.

Option 5: Introduction of a banded Universal Credit Scheme

- 7% of respondents supported this scheme;
- 93% of respondents either did not agree or provided additional comments.

Due to the complex nature of UC and the impact it has on Council Tax Support customers, Officers have contact other Local Authorities who introduced a UC Banded scheme in 2018/19. Those authorities recommended a significant amount of testing to be undertaken, along with the potential support from the relevant software supplier to help write the scheme.

Also, having reviewed customer type, it is clear that, whilst officers would want to keep the scheme simple, there are additional household types which would need to be included within the banding.

As the timescale from approval of the scheme on 31 January 2019 to the scheme being implemented on 1 April 2019 is very tight, Officers would recommend that the UC Banded Scheme is delayed for 1 year, to allow for a

period of testing, along with ensuring the software is able to manage the approved scheme.

Option 6: Increase empty homes premium to 100%:

- 63% of respondents agreed;
- 23% of respondents disagreed; and
- 14% did not know

Option 7: Introduction of a Care Leavers Exemption

- 70% of respondents agreed;
- 9% of respondents disagreed; and
- 21% did not know

Option 8: Changes to unoccupied and unfurnished properties

- 26% agreed with option 1;
- 9% agreed with option 2;
- 44% agreed with option 3; and
- 21% did not know

Localised Council Tax Support Scheme 2019/20

Martin Walmsley, Head of Shared Revenues and Benefits

- a. presented the proposed scheme for Local Council Tax Support for the financial year 2019/20 as part of the formal consultation period.
- b. gave the background to the scheme as detailed at paragraph 2 of the report and advised that the Council must consider whether to revise or replace its Council Tax Support Scheme each financial year.
- c. advised that the caseload had decreased from 8,853 in April 2018 to 8,744 at 31 July 2018 therefore the cost of the scheme for 2018/19 was lower than the predicted cost outlined in the Taxbase calculation which was undertaken in December 2017.
- d. referred to paragraph 4.3 of the report and explained the reasons for the decreased caseload and advised that it was forecast to decrease further.
- e. advised that officers had modelled a 1% caseload decrease as shown at appendix 1 of the report.
- f. detailed the options that had been modelled at Appendix 1 of the report and advised that it gave an indication of the potential savings to the Council and the major preceptors
- g. advised that on 29 October 2018 the Executive made the decision to consult on all of the scenarios modelled as detailed in paragraph 5.3 of the report.
- h. advised that further information on the ongoing consultation would be circulated to the committee following the meeting.
- i. asked for committee's consideration and comments on the options as part of the formal consultation process.

Question: Asked for clarification on the collection rate of 98.75%.

Response: It was the collection rate over the course of time and not within the financial year.

Question: Referred to option 3 and asked what period of time the minimum entitlement covered.

Response: The minimum entitlement was per week.

The committee supported the following options:

- Option 1 – No change to the current scheme
- Option 5 – Universal Credit Changes
- Option 6 – Council Tax empty homes premium

- Option 7 – Care leavers Council Tax Exemption

RESOLVED that the above comments be submitted as part of the formal consultation process on the proposed Council Tax Support Scheme for 2019/20.

Lincolnshire County Council – Council Tax Support Scheme consultation response via email to Jaclyn Gibson

Jaclyn/Lara,

Thank you for the e-mail of 15th November and the letter appended to it seeking the views of the County Council on proposed changes to your Council Tax Support Scheme for next year.

Please accept this e-mail as the formal response of the County Council in its role as a major precepting authority.

The County Council is appreciative of action taken by the City of Lincoln Council over the last few years of the operation of local schemes which, together with a steadily reducing level of demand, has assisted in a generally reducing total cost of the scheme. The County Council is aware that ongoing above inflation council tax increases, combined with national changes in the benefit regime, may result in increasing costs in future years. The County would, however, be broadly supportive of your preference of not reducing the level of support any further now but would, nonetheless, like to see three options in your consultation paper implemented.

The County Council has a clear interest in Option 7 related to care leavers as it has responsibilities for this client group. It would therefore strongly advocate introducing the proposed council tax exemption from next year. Such an exemption has been, or is about to be, introduced in other local schemes within the boundaries of the County. It is suggested that any additional cost would be at least offset by adopting both options 6 and 7 related to unoccupied or unfurnished premises.

I trust these comments will be of value to you.

Yours sincerely,

David C Forbes
County Finance Officer
Finance & Public Protection Directorate
County Offices
Newland
LINCOLN LN1 1YG

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**Lincolnshire
POLICE & CRIME COMMISSIONER**

SAFER TOGETHER

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Telephone (01522) 947192 Fax (01522) 558739

E-Mail: lincolnshire-pcc@lincs.pnn.police.uk Website: www.lincolnshire-pcc.gov.uk

Date: 3rd December 2018
Our Ref: JF/ch/2018-1168

Jaclyn Gibson
Chief Finance Officer
City of Lincoln Council
City Hall
Beaumont Fee
LINCOLN
LN1 1DD

By Email: jaclyn.gibson@lincoln.gov.uk

Dear Jaclyn

Re: Local Council Tax Support Scheme

Thank you for your letter of 15th November 2018 in which you seek the Police and Crime Commissioner's view on your Local Council Tax Support Scheme for 2019/20.

The Police and Crime Commissioner has no desire to make additional service reductions or propose additional increases in his council tax to fund potential shortfalls arising from Local Council Tax Support Schemes. As a result, the Police and Crime Commissioner supports proposals for Council Tax Support Schemes which eliminate, or at least minimise, the consequent funding reductions. In addition, the Commissioner supports proposals to increase income through the discretions for Council Tax exemptions.

Thank you for giving us the opportunity to comment.

Yours sincerely

Julie Flint

Julie Flint
Chief Finance Officer

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Equality with Human Rights Analysis Toolkit



SECTION A

<p>Name of policy / project / service</p>	<p>Council Tax Support Scheme 2019/20</p>
<p>Background and aims of policy / project / service at outset</p>	<p>In January 2018, the meeting of Full Council approved City of Lincoln Councils Council Tax Support Scheme (CTS) for 2018/19. There were no local changes made to the scheme.</p> <p>The Council must review and reapprove its Council Tax Support scheme each year as part of its budget setting process, and make any necessary changes for 1 April 2019</p> <p>It is recognised that the combined effects of the wider welfare reform package on the residents of the District requires a robust and detailed Equality Impact Assessment.</p> <p>The current document contains data derived from the current Council Tax Support caseload.</p> <p>Following publication of the draft scheme, formal consultation commenced on 1 November 2018 and will end on 14 December 2018, utilising a combination of the council’s consultation web-portal, press releases and social media directing the public to the on-line consultation documents. Letters were issued to all customers in receipt of Council Tax Support.</p> <p>The level of changes to the current scheme have been modelled (updated on 30 November 2018) and individuals / groups impacted by the selection of changes is shown below: -</p> <ul style="list-style-type: none"> • Retain current scheme with 4% Council Tax increase and 1% caseload reduction – 8,785 CTS customers affected • Council Tax Empty Homes Premium to be increased from 50% to 100% - 135 council tax payers affected • Care leavers council tax exemption – 42 care leavers positively affected • Reducing maximum savings limit to £9,000 – 0 customers affected (3 customers identified but all are passported)

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- Reducing maximum savings limit to £8,000 – 3 customers affected (10 customers identified but 7 are passported)
- Reducing maximum savings limit to £7,000 – 9 customers affected (19 customers identified but 10 are passported)
- Reducing maximum savings limit to £6,000 – 13 customers affected (27 customers identified but 10 are passported)
- Increasing minimum entitlement to £2.50 – 106 customers affected
- Increasing minimum entitlement to £3.00 – 133 customers affected
- Increasing minimum entitlement to £3.50 – 184 customers affected
- Increasing minimum entitlement to £4.00 – 210 customers affected
- Removal of family premium – 1,616 customers affected

Each of these will be considered in relation to how the changes might differently and / or adversely affect people with protected characteristics.

The Equality Assessment provided support in approach to the consultation on the proposed scheme. Details of the responses to the consultation will be presented in the Localised Council Tax Support 2018/19 report pack which will be presented to Strategic Review Group on 17 December 2018.

Person(s) responsible for policy or decision, or advising on decision, and also responsible for equality analysis

Claire Moses – Revenues and Benefits Manager (Shared Service)

Key people involved *i.e. decision-makers, staff implementing it*

Decision Makers – City of Lincoln Members, and Executive Staff implementing any changes

SECTION B

This is to be completed and reviewed as policy / project / service development progresses

	Is the likely effect positive or negative? (please tick all that apply)			Please describe the effect and evidence that supports this?*	Is action possible to mitigate adverse impacts?	Details of action planned including dates, or why action is not possible
	Positive	Negative	None			
Age 45	Y	Y		<p>Pensioners are a protected group for the purposes of council tax support scheme so will not be financially affected, therefore the reduction in benefit will be borne by the remainder of those in receipt of Council Tax Support (those of working age who are not carers, war widows/ war disablement pensioners and the sick and disabled).</p> <p>There could be a risk people of working age who will bear all the financial impact of the changes, may resent the fact that pensioners are exempt.</p> <p>Due to the current economic climate, it is more difficult for younger people to access employment providing further financial difficulties. Council Tax Support will only be available to those young people who are liable to pay Council Tax and this only applies to householders over 18 years of age. If the young person is living in their parent or other householder's home they will not be liable to pay Council Tax so will not be affected by this</p>	Yes	<p>Action dependant on outcome of consultation.</p> <p>With effect from 1 April 2019</p>

				<p>Support scheme unless they are a non-dependent in the householder's home because the non-dependant deductions are being increased across all age groups and based on the level of income they receive. The personal allowances for under-25's is lower than for those over the age of 25 years. This means that they could get less.</p>		
<p>Disability including carers (see Glossary)</p> <p>46</p>	<p>Y</p>			<p>The proposal to protected vulnerable groups will include those with a disability.</p> <p>The Department for Work and Pensions state that disabled people remain far less likely to be in employment, therefore the proposals do not impact on this group to the extent that they are regarded as a vulnerable group. The scheme protects disabled persons from the proposed changes except for the general uprating of all allowances and premiums.</p> <p>To qualify as 'disabled' the person must</p> <ul style="list-style-type: none"> • Qualify for a disability, enhanced disability or severe disability premium for the claimant or partner, or • Qualify for disability or enhanced disability premium for a dependent, or • Qualify for a disability earnings disregard, or • Receive a disability related council tax reduction. • Be in receipt of Employment and Support Allowance (Work Related or Support Group component 	<p>NA</p>	<p>With effect from 1 April 2019</p>

Appendix 6 – Executive – 7 January 2019 – Council Tax Support Scheme 2019/20

Gender re-assignment			Y	There is no evidence at this stage of an impact	NA	With effect from 1 April 2019
Pregnancy and maternity			Y	This does not have any effect on the decisions made under this policy.	NA	With effect from 1 April 2019
Race			Y	Persons from abroad are excluded from provision by statute but race or ethnicity itself does not have any effect on the application of the scheme. Scheme rules do not take into account race or ethnicity. Council Tax Support is proposed to be reduced for all working age customers.	NA	With effect from 1 April 2019
Religion or belief			Y	There is no evidence at this stage of an impact	NA	With effect from 1 April 2019
Sex			Y	There is no evidence at this stage of an impact	NA	With effect from 1 April 2019
Sexual orientation			Y	This does not have any effect on the decisions made under this policy.	NA	With effect from 1 April 2019
Marriage/civil partnership			Y	This does not have any effect on the decisions made under this policy.	NA	With effect from 1 April 2019
Human Rights (see page 8)			Y	This does not have any effect on the decisions made under this policy.	NA	With effect from 1 April 2019

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- Evidence could include information from consultations; voluntary group feedback; satisfaction and usage data (i.e. complaints, surveys, and service data); and reviews of previous strategies

Did any information gaps exist?	Y/N/NA	If so what were they and what will you do to fill these?

SECTION C

Decision Point - Outcome of Assessment so far:

Based on the information in section B, what is the decision of the responsible officer (please select one option below):


- | | | |
|---|---|------------------|
| | | Tick here |
| ✓ | No equality or human right Impact (your analysis shows there is no impact) - sign assessment below | [] |
| ✓ | No major change required (your analysis shows no potential for unlawful discrimination, harassment)- sign assessment below | [] |
| ✓ | Adverse Impact but continue (record objective justification for continuing despite the impact)-complete sections below | [x] |
| ✓ | Adjust the policy (Change the proposal to mitigate potential effect) -progress below only AFTER changes made | [] |
| ✓ | Put Policy on hold (seek advice from the Policy Unit as adverse effects can't be justified or mitigated) -STOP progress | [] |

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<p>Conclusion of Equality Analysis (describe objective justification for continuing)</p>	<p>Council Tax has to be paid by all those liable to pay it but some people will have limited means to do this because of their low income or they have higher living costs due to illnesses, disabilities or family or personal circumstances.</p> <p>Council Tax is required to raise month to fund Council Services but a certain amount of money is directed to those who cannot afford to pay the Council Tax to reduce the financial burden on those households because they need it or because society considers that financial support is beneficial to help certain categories of people in certain situations.</p> <p>The aim of the proposed changes is to save some scheme expenditure in light of further reductions to local government finance.</p>
--	--

When and how will you review and	The policy and CTS is the responsibility of City of Lincoln Council. It is approved by the Executive Board and
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measure the impact after implementation?*"	then full Council. It will be administered by the Council's Shared Revenues and Benefits Service. The Council will analyse its current caseload and produce figures showing the main groups of working age claimants getting Council Tax Support now and likely to be affected by changes to the current scheme. Extracts of the data will allow monitoring of the main types of people affected by the policy can take place as required
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Checked and approved by responsible officer(s) (Sign and Print Name)	 Claire Moses	Date	4/12/2018
Checked and approved by Assistant Director (Sign and Print Name)	Martin Walmsley	Date	4/12/2018

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SUBJECT: COLLECTION FUND SURPLUS OR DEFICIT – COUNCIL TAX

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

REPORT AUTHOR: JACLYN GIBSON – CHIEF FINANCE OFFICER

1. Purpose of Report

- 1.1 To inform Members of the estimated balance for the Council Tax element of the Collection Fund and the surplus or deficit to be declared for 2018/19.

2. Programme Summary

- 2.1 Prior to setting the Council Tax for 2019/20 the City Council is required to estimate whether there is to be a surplus or deficit on Council Tax element of the Collection Fund for the current financial year (2018/19).
- 2.2 The Council will declare a surplus on Council Tax £267,780 for the financial year 2018/19. The Council's share being £41,680.

3. Background

- 3.1 As a Council Tax Billing Authority the City Council is required to estimate whether there is to be a surplus or deficit on the Collection Fund for the current financial year, prior to setting its Council Tax for the next year. The calculation is based on an estimate of tax collected in year compared to the estimate made the previous year, taking into account any previously declared surplus or deficit and the expected year-end arrears position.
- 3.2 The calculation of Council Tax is based on an estimate of tax collected in year compared to the estimate made the previous year, taking into account any previously declared surplus or deficit, and a forecast for the remainder of the current year.
- 3.3 A surplus or deficit may occur in the Collection Fund if actual performance during the year is higher or lower than originally estimated when Council was set. Areas of variance include:
- Council Tax base is larger or smaller than originally anticipated (reasons may be increased property development or changes in exemptions and discounts)
 - In year collection rates are higher or lower than expected,
 - Arrears collection rates are higher or lower than expected
- 3.4 The Council is required to declare any surplus or deficit during January of each financial year and once approved has an obligation to notify its major precepting authorities (Lincolnshire County Council and Lincolnshire Police) of their share of the estimated surplus or deficit.

- 3.5 A report on the estimated balance on the Collection Fund for National Non-Domestic Rates (NNDR) will be reported to the Executive 21st January 2019 alongside the estimated NNDR base ahead of the submission of the NNDR 1 return to the DCLG due by 31st January 2019.

4. Estimated Surplus/Deficit for 2018/19 – Council Tax

- 4.1 As at 31st March 2019 the Collection Fund is estimated to have a surplus of £169,000 for Council Tax relating to the Financial Year 2018/19.
- 4.2 In addition to declaring the estimated surplus or deficit position on the Collection Fund for the current financial year the Council is also required to declare any surplus or deficit relating to the difference between previously declared surplus/deficit positions and the actual outturn position as reported in the Council's Statement of Accounts. In 2019/20 there is a surplus balance of £98,780 in the Collection Fund relating to previous years.
- 4.3 Based on the forecast position of the in-year Collection Fund as at 31st March 2019 and taking into account an adjustment for the difference between prior year estimates compared to the actual outturn it is estimated that there will be a surplus of £267,780 on the Council Tax element of the Collection Fund in 2018/19, to be distributed to preceptors in 2019/20.

5. Strategic Priorities

- 5.1 There are no direct implications for the Council's Strategic Priorities arising as a result of this report.

6. Organisational Impacts

- 6.1 Finance

For City of Lincoln the financial implications of the report are summarised below:

Distribution of surplus/(deficit)	CoLC share £
Council Tax – 2018/19 surplus	26,300
Council Tax – Prior year surplus	15,380
Net impact surplus	41,680

The Council's share of the estimated surplus/deficits will be distributed in 2019/20 and will form part of the Medium Term Financial Strategy 2019-24.

- 6.2 Legal Implications incl Procurement Rules - There are no legal implications arising as a direct result of this report.

7. Risk Implications

- 7.1 (i) Options Explored
- 7.2 (ii) Key risks associated with the preferred approach

8. Recommendations

8.1 The Executive are recommended to confirm the action of the Chief Finance Officer in declaring a Council Tax surplus of £267,780.

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? None

List of Background Papers: None

Lead Officer: Jaclyn Gibson, Chief Finance Officer
Telephone (01522) 873258

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SUBJECT: MONEY LAUNDERING POLICY

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

REPORT AUTHOR: AUDIT MANAGER

1. Purpose of Report

- 1.1 To seek approval for the revised Anti-Money Laundering Policy.

2. Executive Summary

- 2.1 The Council's Money Laundering Policy aims to ensure compliance with the law and manage risks appropriately around certain business transactions. There is a need to update the policy to reflect new regulations and provide more guidance.

3. Background

- 3.1 The Council's Money Laundering Policy was put in place to meet the requirements of the Money Laundering regulations. Although Local Authorities are not legally obliged to apply Money Laundering Regulations, the Council is bound by the provisions of the Proceeds of Crime Act 2002 and the Terrorism Act 2000 (as amended by the Anti-Terrorism and Security Act 2001 and the Terrorism Act 2006 and the Counter-Terrorism Act 2008). It is good practice to comply with the main measures of the Regulations as part of corporate governance arrangements. As such this policy ensures compliance.

4. Policy/Strategy

- 4.1 The policy has been updated to reflect slight changes in the regulations (2017). The Money Laundering Reporting Officer (MLRO) and deputies remain the same.
- 4.2 The limit on cash transactions, subject to approval, remains at £2,000. Amounts above this will be authorised by the MLRO (or deputy). Assistant Directors and Managers authorise cash transactions up to £2,000. If there is a series of large cash payments below £2,000 these are referred to the MLRO.
- 4.3 Additional guidance has been included to help support officers in managing transactions and understanding the reporting process.

5. Strategic Priorities

- 5.1 There are no direct impacts on strategic priorities but an effective counter fraud framework, including the anti-money laundering policy can help support all priorities.

6. Organisational Impacts

6.1 Finance (including whole life costs where applicable)

There are no direct financial impacts.

6.2 Legal Implications including Procurement Rules

There are no direct legal or procurement impacts.

6.3 Equality, Diversity and Human Rights

An equality analysis has been completed for this policy and there are no issues/actions arising.

7. Risk Implications

7.1 There are no direct risk implications, other than those set out and mitigated within the policy

8. Recommendation

8.1 To consider and approve the revised Money Laundering Policy

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? One

List of Background Papers: None

Lead Officer: John Scott, Audit Manager
Telephone (01522) 873321

ANTI MONEY LAUNDERING POLICY STATEMENT AND PROCEDURES

CONTROL

Owner / Policy Lead Officer:	Carolyn Wheater
Location:	City Hall, Beaumont Fee, Lincoln
Consultation:	Audit Committee / Executive
Date:	December 2018
Review Arrangements:	Every two years (Owner/Policy Lead Officer and Audit Committee)

INTRODUCTION

City of Lincoln Council is committed to prevent the Council and its employees being exposed to money laundering, to identify the risks where it may occur, and to comply with legal and regulatory requirements, especially with regard to reporting suspected cases.

Key message

The key message of this Policy is that if you suspect that money laundering activity may be taking place or proposed in relation to anything you are dealing with you should immediately disclose those suspicions to the Council's Money Laundering Reporting Officer. If the suspicion involves a proposed transaction (e.g. the sale of property or a significant cash receipt) you should not proceed with the transaction without approval from the Money Laundering Reporting Officer or the Serious Organised Crime Agency. You should defer the transaction in such a way as not to alert anyone else to your suspicions. If you believe you cannot reasonably do so, you should immediately contact the Money Laundering Reporting Officer or the Council's Monitoring Officer (see below for contact details). There are two forms to complete (Appendix A and B depending on circumstances) but in the first instance you should contact the deputy MLRO for advice.

Key points:

- The Council is committed to the prevention, detection and reporting of money laundering
- All employees should be vigilant for signs of money laundering

- An employee who suspects money laundering activity should report this promptly to the Money Laundering Reporting Officer (**Use form Appendix B**)
- The Council will not accept payments in cash that exceed £2,000.

Although Local Authorities are not legally obliged to apply the Money Laundering Regulations 2007 (as amended by the Money Laundering (Amendment) Regulations 2012 and updated by the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the regulations), the Council is bound by the provisions of the The Proceeds of Crime Act 2002 and the Terrorism Act 2000 (as amended by the Anti-Terrorism and Security Act 2001 and the Terrorism Act 2006 and the Counter-Terrorism Act 2008). It is good practice to comply with the main measures of the Regulations as part of corporate governance arrangements. As such this policy ensures compliance.

The Sanctions and Anti-Money Laundering Act 2018 is also now law and enables the UK to maintain the status quo after it leaves the EU in the areas of sanctions and anti-money laundering

What is money laundering?

3.1 There are two main types of offences which may be committed:

- Money laundering offences.
- Failure to report money laundering offences.

The main types of money laundering offences are:

- Acquiring, using or possessing criminal property,
- Handling the proceeds of crimes such as theft, fraud and tax evasion,
- Being knowingly involved in any way with criminal or terrorist property,
- Entering into arrangements to facilitate laundering criminal or terrorist property
- Investing the proceeds of crime in other financial products
- Investing the proceeds of crimes through the acquisition of property/assets
- Transferring criminal property.

Money laundering is the process where criminals attempt to hide and change the true identity of the proceeds of their crime so that they appear legitimate. The various stages are termed placement, layering and integration:

- placement – ‘dirty money’ is placed directly into the financial system
- layering – the proceeds are then moved through a series of financial transactions, making it harder to establish their origin
- integration – the money launderer creates a legitimate explanation for the source of the funds allowing them to be retained, invested into the legitimate economy or to acquire assets

A person commits a criminal offence under the Proceeds of Crime Act 2002 by:

- Section 327: concealing, disguising, converting, transferring criminal property or removing it from the UK
- Section 328: entering into or becoming concerned in an arrangement which he/she knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- Section 329: acquiring, using or possessing criminal property

Criminal property is any property which is or represents benefit from criminal conduct.

Criminal conduct is any conduct constituting a criminal offence in the UK¹ and includes for example tax evasion, fraudulent expenses and benefits claims.

The money laundering offences are aimed by legislators at criminals and their associates but any person can be caught by the offences if they suspect money laundering and either become involved with it in some way or do nothing about it. It is not necessary to have benefitted in any way to be guilty of the offences.

The key requirement for Council employees is to promptly report (Sec 337 Disclosure) any suspected money laundering activity to the Council’s Money Laundering Reporting Officer.

¹ It therefore includes an act committed outside the UK but which, if it took place in the UK would be a criminal offence

While the risk to the Council of contravening the legislation is low, it is important that all employees are familiar with their responsibilities; serious criminal sanctions can be imposed for breaches of the legislation.

The Money Laundering Regulations 2017 require appropriate systems of internal control to prevent money laundering and terrorist financing. There must be management controls in place to help identify possible attempts to launder money or fund terrorism, so that appropriate action to prevent or report it can be taken.

Systems of internal control should help identify unusual or suspicious transactions or customer activity and should include:

- Identification of relevant responsibilities under this Protocol.
- Provision of information to relevant persons on suspected money laundering and terrorist financing risks.
- Training of relevant employees on the legal and regulatory responsibilities for money laundering and terrorist financing controls and measures.
- Measures to ensure that money laundering and terrorist financing risks are taken into account in the day to day operations of the organisation.

SCOPE

This Policy applies to all employees of the Council and sets out the required procedures which should be followed for reporting suspicions of money laundering activity to enable the Council to comply with its legal obligations.

This Policy is consistent with all other Council policies including the Counter Fraud Policy and the Whistle-blowing Policy.

Failure by an employee to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them.

THE MONEY LAUNDERING REPORTING OFFICER (MLRO)

The nominated Disclosure Officer (MLRO) in the City Council is:

The Chief Executive
City of Lincoln Council
City Hall
Beaumont Fee
Lincoln
LN1 1DB
Tel: 01522 873292
E-mail: angela.andrews@lincoln.gov.uk

The authorised Deputies are:

Carolyn Wheater
City Solicitor
Telephone 01522 873323
E-mail: carolyn.wheater@Lincoln.gov.uk

Jaclyn Gibson
Chief Finance Officer Telephone 01522 873323
E-mail: jaclyn.gibson@Lincoln.gov.uk

The Legal Section is available to give advice as required.

REPORTING PROCEDURES

- **Protected Disclosure**
- Section 337 of the Proceeds of Crime Act 2000 protects employees from liability under any other legislation (e.g. Data Protection Act) when they report suspected money laundering. The conditions are that the information or other matter:
 - ◆ came to his/her notice in the course of their trade, profession, business or employment and
 - ◆ causes him/her to know or suspect or gives reasonable ground to know or suspect that another person is engaged in money laundering and
 - ◆ the disclosure is made to a constable, a customs officer or the nominated MLRO

Any employee who knows or has reasonable grounds to suspect that any person is engaged in money laundering activity should report their suspicion immediately to the MLRO or her Deputy.

The only exception to this rule is if the employee is a professional legal adviser and the information has come to their attention in privileged circumstances in which case the employee should report the matter immediately to the City Solicitor. The City Solicitor will promptly evaluate any disclosure to determine if it should be reported to the MLRO.

When reporting to the MLRO include details of:

- a. Full details of the people involved e.g. name, date of birth, address, company names, directorships, phone numbers, etc.
- b. Full details of their / your involvement:
- c. The types of money laundering activity involved
- d. The dates of such activities
- e. Whether the transactions have happened, are ongoing or are imminent
- f. Where they took place
- g. How they are undertaken
- h. The (likely) amount of money / assets involved
- i. Why, exactly, you are suspicious

You should also enclose copies of any supporting documentation.

The employee must follow any subsequent directions of the MLRO. No further enquiries into the matter or any further steps in any related transaction may be taken without authorisation from the MLRO. Under no circumstances should you voice any suspicions to the person(s) you suspect of money laundering.

The MLRO will consider the need for disclosure, based on the facts as well as any consent from NCA to any ongoing or imminent transactions. Details of any liaison with the NCA will be recorded.

The MLRO must promptly report² the disclosure to the National Crime Agency (NCA) via the NCA website at <http://www.nationalcrimeagency.gov.uk.gov.uk/>.

Proposed transactions

When a Section 337 disclosure concerns a proposed act or transaction that is a suspected offence under sections 327 – 329, anyone, knowing or suspecting money laundering who is then involved in the act or transaction is guilty of the same criminal offence unless:

- ◆ He / She has made a Section 337 Disclosure and
- ◆ appropriate consent has been given

² It is a Criminal Offence - Section 332 – for the MLRO to fail to disclose to NCA unless he / she has a reasonable excuse for not doing so. A preliminary evaluation which establishes that money laundering is not or has not taken place is a reasonable excuse.

After the MLRO has made the disclosure to NCA, they will inform within 7 days if appropriate consent is given for the act or transaction to proceed. If after 7 days NCA do not contact the MLRO, appropriate consent is deemed to be given.

All instructions from NCA (or relevant law enforcement agency) issued at any time following a Section 337 Disclosure must be followed.

Prejudicing an Investigation

A Section 337 disclosure is strictly confidential. There must be no disclosure or other indication to the person suspected of money laundering. The matter must not be discussed with anyone else or any action taken that may jeopardise confidentiality that a report has been made to the MLRO. Notes must not be made on client files or records that a disclosure has been made.

Any documentation or evidence concerned with the disclosure should be retained in original form for any subsequent money laundering investigation.

Failure to comply with these requirements could amount to a criminal offence of Prejudicing an Investigation. Section 342 – if a person:

- ◆ makes a disclosure (to any other person) likely to prejudice the investigation
- ◆ falsifies, conceals, destroys or otherwise disposes of or permits the falsification, concealment, destruction or disposal of documents which are relevant to the investigation

If any disciplinary action is proposed HR must be informed.

GENERAL PROCEDURES

• Cash payments

No payment to the Council will be accepted in cash if it exceeds £2,000. Cash is defined as including notes, coins or travellers' cheques in any currency. If officers wish to accept amounts greater than this, then prior approval is required from the MLRO or Deputy. A standard form must be completed. (Form attached Appendix A)

- Cash payments between £1,000 and £2,000 can be accepted through the relevant Assistant Director or Manager. Officers should be satisfied as to the identity of the individual concerned. Be vigilant to any regular cash payments of this size which together exceed £2,000.

- **Identification of new Clients**

Employees should be wary of situations where funds flow through the authority from sources with which it is not familiar. Where the authority is forming a new business relationship and/or is considering undertaking a significant one off transaction with a new client, evidence of the identity of the prospective client should be obtained before proceeding.

It is good practice to have either:

- ◆ one government document which verifies either name and address or name and date of birth or
- ◆ a government document which verifies their full name and another supporting document which verifies their name and either their date of birth or address

Where it is not possible to obtain such documents consider the reliability of other sources and the risks associated with the client.

Where the new client is not present or a third party is acting in their absence, additional evidence of identity should be sought to verify the client's credentials.

Additional due diligence requirements for Finance and Legal employees.

In addition to the disclosure procedure referred to above, those employees providing certain financial and legal services (i.e. "relevant business") must also comply with the customer identification procedure, 'due diligence' and the record keeping procedures.

Where a client transaction is being processed through a third party legal or financial firm, the Council can place reliance on that firm's due diligence procedures in relation to money laundering. The Council will need to undertake the appropriate client identification procedure. For example you may rely on due diligence undertaken by those regulated by the FSA or supervised by a listed professional regulator e.g. the Solicitors Regulation Authority.

There are various levels of 'due diligence'

The 2017 Regulations require due diligence to be carried out on a risk sensitive basis, so that:

- 'Simplified due diligence' is required where there is a low risk of money laundering. For example if a company is listed on the stock exchange a company search and evidence of the listing would suffice.
- 'Enhanced due diligence' for those with a high-risk status, for example remote transactions where the customer is not physically present to be identified would require additional appropriate documents to be requested.
- The 'beneficial owner', the individual that ultimately owns or controls the customer or on whose behalf a transaction or activity is being conducted, should be identified.
- The business relationship should be scrutinised throughout its existence and not just at the beginning.

You may rely on due diligence undertaken by those regulated by the FSA or supervised by a listed professional regulator e.g. the Solicitors Regulation Authority. Any information obtained may be used as evidence in any subsequent investigation by the relevant enforcement authorities into money laundering. In all cases, evidence of the customer identification and record of the relationship/transaction should be retained for at least five years from the end of the business relationship of transaction(s). The records that must be kept are:

- A copy of, or references to, the evidence of the identity obtained under the customer due diligence requirements in the Regulations,
- The supporting evidence and records in respect of the business relationships and occasional transactions which are the subject of customer due diligence measures or ongoing monitoring,
- A copy of the identification documents accepted and verification evidence obtained,
- References to the evidence of identity,
- Transaction and business relationship records should be maintained in a form from which a satisfactory audit trail may be compiled, and which may establish a financial profile of any suspect account or customer.

If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one off transaction(s) cannot proceed any further.

The customer identification procedure **must** be carried out when the Council is carrying out 'relevant business' and:

- Forms a business partnership with a customer,

- Undertakes a one-off transaction (including a property transaction or payment of a debt) involving payment by or to a customer of 15,000 Euro (approximately £12,000) or more,
- Undertakes a series of linked one-off transactions involving total payment by or to the customer(s) of 15,000 Euro (approximately £12,000) or more,
- It is known or suspected that a one-off transaction, or a series of them, involves money laundering.

“Relevant business” is mainly financial, company and property transactions carried out by Legal Services and certain transactions made by Finance. However, the most effective way to ensure compliance with the law is to apply it to all areas of work undertaken by the Council.

This must be completed before any business is undertaken for that customer in relation to accountancy, procurement, audit and legal services with a financial or real estate transaction.

In the above circumstances, employees must:

- Identify the person seeking to form the business relationship or conduct the transaction (an individual or company),
- Verify their identity using reliable, independent sources of information,
- Identify who benefits from the transaction,
- Monitor transactions to make sure they are consistent with what you understand about that person or country
- Understand the source of their funds,
- Ensure there is a logical reason why they would want to do business with the Council.

This applies to existing customers, as well as new ones, but identification evidence is not required for matters entered into prior to 1 March 2004

In relation to external bodies the MLRO will maintain a central file of general client identification evidence regarding the external organisations to which Finance and Legal Services provide professional services.

Possible signs of Money Laundering

It is not possible to give a prescriptive guide to spot money laundering but the following signs might raise concern:

- concerns about honesty, integrity, identity or location of the client
- secretive e.g. refuses to provide information without a reasonable explanation
- attempt Payment of substantial sum of cash (see limits)
- Payment of lower cash sums where cash is not the normal means of payment,
- transaction which appears uneconomic, inefficient or irrational

- illogical third party transactions – unnecessary routing of funds from third parties or through third party accounts
- illogical involvement of unconnected third party

- funds received prior to completion from an unexpected source
- instructions for settlement payments to an unexpected source
- significant overpayments and subsequent request for refund
- refunds following the cancellation or reversal of an earlier transaction
- no obvious legitimate source of funds
- unusual request for client account details
- poor business records or internal accounting controls
- In respect of property transactions, i.e. where we receive a payment in for a property, money should only be accepted from a conveyancers/ solicitors bank account and not from persons directly.
- However, this does not include payment of legal fees, which can be received directly from an individual.
- Movement of funds overseas, particularly to a higher risk country or tax haven,
- Unusual transactions or ways of conducting business, without reasonable explanation,
- Requests for release of customer account details other than in the normal course of business,
- Transactions at substantially above or below fair market values,
- Poor business records or internal accounting controls,
- A previous transaction for the same customer which has been, or should have been, reported to the MLRO,
- Lack of 'traceability' of persons involved,
- Individuals and companies that are insolvent yet have funds.

GUIDANCE AND TRAINING

In support of the policy and procedure, the Council aims to:

- make all employees aware of the requirements and obligations placed on the Council and on themselves as individuals by the anti-money laundering legislation and
- give training to those most likely to encounter money laundering.
- provide specific due diligence guidance
- provide guidance relating to the consideration of disclosure by the MLRO

FURTHER INFORMATION

Further information can be obtained from the MLRO and the following sources:

- www.nationalcrimeagency.gov.uk
- “Combating Financial Crime” – CIPFA
- www.opsi.gov.uk (Home Office) –Money Laundering Regulations 2007 (as amended by the Money Laundering (Amendment) Regulations 2012) The Proceeds of Crime Act 2002 (as amended by the Serious Organised Crime and Police Act 2005) and the Terrorism Act 2000 (As amended by the anti-terrorism, crime and security Act 2001)

APPENDIX A
Anti-Money Laundering
Approval form – cash payments in excess of £2000

Name and address of person attending City Hall.	
Date attending	
Name and address of person the payment relates to (and account numbers)	
Payment value £	
Purpose of payment	
Reason for cash payment	
I confirm that relevant identification checks have been completed	<u>Officer Name</u> Yes/No
Approval sought from the MLRO (or deputy)	Yes/No
Name (MLRO)	
Date	
Agreed / Not agreed (delete as applicable)	

Copy to be retained in Directorate and copy to Carolyn Wheeler

APPENDIX B

CONFIDENTIAL

Report to Money Laundering Reporting Officer **re money laundering**

Reporting Officer

From:
[insert name of employee]

Directorate: Ext/Tel No:

DETAILS OF SUSPECTED OFFENCE:

Name(s) and address(es) of person(s) involved:
[if a company/public body please include details of nature of business]

Nature, whereabouts, value and timing of activity/property involved:
[Please include full details eg what, when, where, how. Please also include details of current whereabouts of the laundered property, so far as you are aware. Continue on a separate sheet if necessary]

Nature of suspicions regarding such activity:
[Please continue on a separate sheet if necessary]

Has any investigation been undertaken (as far as you are aware)?

[Please circle]

Yes / No

If yes, please include details below:

Have you discussed your suspicions with anyone else?

[Please circle]

Yes /No

If yes, please specify below, explaining why such discussion was necessary:

Have you consulted any supervisory body guidance re money laundering? (e.g. the Law Society) *[Please circle]*

Yes/ No

If yes, please specify below:

Do you feel you have a reasonable excuse for not disclosing the matter to SOCA? (e.g. are you a lawyer and wish to claim legal professional privilege?) *[Please circle]*

Yes/No

If yes, please set out full details below:

Are you involved in a transaction which might be a prohibited act (under sections 327- 329 of the 2002 Act or section 18 of the 2000 Act) and which requires appropriate consent from SOCA?

[Please circle]

Yes/No

If yes, please enclose details below:

Please set out below any other information you feel is relevant:

Signed:..... Dated:.....

Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of 5 years' imprisonment.

THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MLRO

Date report received:.....

Date receipt of report acknowledged:

.....

CONSIDERATION OF DISCLOSURE:

Action plan:

OUTCOME OF CONSIDERATION OF DISCLOSURE:

Are there reasonable grounds for suspecting money laundering activity?

Do you know the identity of the alleged money launderer or the whereabouts of the property concerned?

If there are reasonable grounds for suspicion, will a report be **made to SOCA?**

[Please circle]

Yes / No

If yes, please confirm date of report to SOCA:

.....

and complete the points below:

Details of liaison with SOCA regarding the report:

Notice Period: to

Moratorium Period: to

Is consent required from SOCA to any ongoing or imminent transactions which would otherwise be prohibited acts?

Yes/No

If yes, please confirm full details below

Date consent received from SOCA:.....

Date consent given by you to employee:.....

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to SOCA, please set out below the reason(s) for nondisclosure:

[Please set out any reasonable excuse for non-disclosure]

Date consent given by you to employee for any prohibited act transactions to proceed:

Other relevant information:

End

EXTRACT FROM COMMITTEE

Audit Committee

11 December 2018

41. Money Laundering Policy

John Scott, Audit Manager

- a. presented the revised Anti-Money Laundering Policy for comment prior to referral to Executive for approval.
- b. advised that the Council's Money Laundering Policy aimed to ensure compliance with the law and manage risks appropriately around certain business transactions.
- c. explained that the policy had been updated to reflect slight changes in the regulations (2017)The Money Laundering Reporting Officer (MLRO) and deputies remained the same.
- d. advised that the limit on cash transactions, subject to approval, remained at £2,000. Amounts above this would be authorised by the MLRO (or deputy). Assistant Directors and managers authorised cash transactions up to £2,000. If there was a series of large cash payments below £2,000 these would be referred to MRLO.
- e. referred to Appendix A of the report and advised that additional guidance had been included to help support officers in managing transactions and understand the reporting process.

RESOLVED that the revised Money Laundering Policy be referred to Executive for approval.

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SUBJECT:	COUNTER FRAUD STRATEGY
DIRECTORATE:	CHIEF EXECUTIVE AND TOWN CLERK
REPORT AUTHOR:	AUDIT MANAGER

1. Purpose of Report

- 1.1 To review and seek approval for the revised Counter Fraud and Anti-Corruption policy/strategy.

2. Executive Summary

- 2.1 The Council's counter fraud policy/strategy was updated in 2016 to reflect the latest guidance from CIPFA (Chartered Institute for Public Finance and Accountancy) and DCLG (Department for Communities and Local Government).
- 2.2 This 2018 review ensures the strategy is up to date and also updates the action plan.

3. Background

- 3.1 There have been changes and new initiatives linked to counter fraud over recent years, including the transfer of Council investigation staff to the DWP (Department for work and pensions). With pressure on resources the Council took the opportunity to bid for additional funding with partners and was successful with other Lincolnshire Authorities and a Lincolnshire Counter Fraud partnership was created to help develop and implement counter fraud projects. This continues until at least March 2019. The Audit Committee receives six monthly counter fraud update reports. The updated policy / strategy reflects any recent changes and ensures that best practice is included. The action plan focusses on core areas and we will be working to implement these over the coming months.

4. Policy/Strategy

- 4.1 Within the strategy the key policy statement remains the same:

The Council is opposed to any form of fraud or malpractice. The Council is committed to operating in an open and honest way in order to :-

- Prevent , deter and detect fraud and malpractice;
- Allow scrutiny and investigation to take place, both internally and externally
- Allow rigorous enforcement to take place; and
- Reinforce good practice and prevent reoccurrence

Roles and responsibilities have been updated; there are sections on fraud risk, resources, workplan, benchmarking and partnerships, communication, training, compliance, use of technology.

4.2 A fraud work plan is included (Annex D). The key actions from the workplan include:

- Ensuring counter fraud training is delivered to all staff and members
- Continue to work with the Lincolnshire Counter Fraud partnership to deliver ongoing counter fraud projects such as the Council Tax single person discount review
- Complete the housing tenancy fraud review
- Prepare and deliver the 2018/19 National Fraud Initiative work
- Ensure the fraud risk register is kept up to date and mitigation actions completed

There are actions (mitigation) held within the fraud risk register (Annex E) and there is a separate Lincolnshire Counter Fraud Partnership workplan (18/19) which is reported separately to Audit Committee.

The Council's "Amber" fraud risks are as follows:

- Insurance
- Council Tax
- Council Tax Support
- Housing Benefit
- Housing Tenancy
- IT/Data (Cyber risks)
- Election Fraud
- Partnerships

4.3 The policy/strategy does reflect the limited resources available to the Council and risks/actions aim to maximise efficiency and effectiveness where possible.

5. Strategic Priorities

5.1 There are no direct impacts on strategic priorities but an effective counter fraud framework can help support all priorities.

6. Organisational Impacts

6.1 Finance (including whole life costs where applicable)

There are no direct financial impacts.

6.2 Legal Implications including Procurement Rules

There are no direct legal or procurement impacts.

6.3 Equality, Diversity and Human Rights

An equality analysis would be undertaken for individual policies as they are introduced or updated which are linked to this strategy.

7. Risk Implications

7.1 There is limited capacity in the organisation in some areas to support counter fraud activities however we continue to make the best use of our resources including working with local partners to maximise combined resources. In addition where there are opportunities for additional funding, this may be directed at training and / or new resources to investigate fraud; the Council aims to maintain focus on counter fraud. The Council has been successful with partners in securing dedicated one –off fraud related funds and will continue to seek additional funding when and if it becomes available.

8. Recommendation

8.1 To consider and comment on the attached policy/strategy and recommend to Executive for approval

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? Two (Annex A and B)

List of Background Papers: None

Lead Officer: John Scott, Audit Manager
Telephone (01522) 873321

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COUNTER FRAUD and ANTI-CORRUPTION POLICY/STRATEGY AND FRAUD RESPONSE PLAN (Appendix A)

CONTROL

Owner / Policy Lead Officer:	Chief Finance Officer / Audit Manager
Location:	City Hall, Beaumont Fee, Lincoln
Consultation:	Audit Committee / Executive
Date:	December 2018
Review Arrangements:	Every two years (Owner/Policy Lead Officer and Audit Committee)

INTRODUCTION

Fraud affects the UK across all sectors and causes significant harm.

The City of Lincoln Council takes a zero tolerance stance to all forms of fraud, corruption and theft, both from within the Authority and from external sources. We recognise fraud can impact on our organisational and strategic objectives and:

- undermine the standards of public service that the Council is attempting to achieve
- reduce the level of resources and services available for the residents of Lincoln
- result in major consequences which reduce public confidence in the Council

The Council's policy statement:

The Council is opposed to any form of fraud or malpractice. The Council is committed to operating in an open and honest way in order to :-

- ***Prevent , deter and detect fraud and malpractice;***
- ***Allow scrutiny and investigation to take place, both internally and externally***
- ***Allow rigorous enforcement to take place; and***
- ***Reinforce good practice and prevent reoccurrence***

This policy is supported by elected members, the chief executive, directors, chief finance officer, city solicitor and assistant directors. The aim is to ensure that we have a clear counter fraud and corruption culture, which is part of daily business which links to prevention, detection, deterrence, investigation, sanctions and redress.

A key element is also having sound whistleblowing arrangements to communicate how to report fraud and corruption and creating an environment in which reports can be made without fear or recrimination.

We recognise that collaboration and coordination is an effective way to fight fraud and corruption; we already work in partnership in several areas and aim to continue using this approach.

Communication is key to publicise initiatives, issue fraud warnings and also celebrate successes.

We need an honest appraisal of our local fraud risks and the resources required to tackle them together with the support of national agencies or neighbouring authorities. Measuring potential and actual losses helps to understand the scope of the challenge, the response required and measuring performance. And in our fast changing local authority landscape we should scan the horizon for emerging risks and ensure that we have appropriate intelligence.

Where possible, we will pursue opportunities to invest in counter fraud and corruption activity where appropriate, in order to generate savings by preventing fraud and recovering losses. We have a duty to protect the public purse, and the services we provide, and therefore we will ensure that counter fraud activity is proportionate to the risks involved.

We have assessed our fraud risks and ensured that as far as possible controls are in place to prevent fraud. We recognise that it is nearly always more cost-effective to prevent fraud than suffer the losses and investigate after the event. We recognise that technology to help prevent and detect fraud is becoming more available and cost effective and we will continue to evaluate its use.

Where fraud is detected, we aim to recover losses and penalties and we make use of the most appropriate method of collection.

Resources available for the Council are reducing and we need to ensure that we have the right level of staff with the right skills, using technology as appropriate and to focus on the key risk areas. We need to generate economies of scale through collaboration. Sharing information and resources can help mitigate risks so that the response is proportionate; it can also ensure properly skilled and equipped staff are used. By working across boundaries local authorities are better placed to prevent and detect fraudulent activity. Where fraud types are often changing and staff move roles it's important to keep resources up to date and ensure that the response remains

proportionate to the threat. Those working in counter fraud must have a common set of standards to work to, proper training and a clear understanding of the counter fraud picture.

This policy takes into account the risks and responses at national level as well as local level and recognises that serious and organised crime can affect local authorities as well as other organisations.

Fraud Descriptions

FRAUD is a deception which is deliberate and intended to provide a direct or indirect personal gain. The term “fraud” can include criminal deception, forgery, blackmail, corruption, theft conspiracy or the covering up of material facts and collusion. By using deception a fraudster can obtain an advantage, avoid an obligation or cause loss to another party. The Fraud Act 2006 has three criminal offences:

- False representation
- Failure to disclose information
- Abuse of position

CORRUPTION is the deliberate misuse of your position for direct or indirect personal gain. Corruption includes offering, giving, requesting or accepting a bribe or reward, which influences your actions or the actions of someone else.

THEFT is where someone steals cash or other property. A person is guilty of theft if he or she dishonestly takes property belonging to someone else and has no intention of returning it.

We are committed to the highest possible standards of openness, probity, honesty, integrity and accountability. We expect all staff, councillors and partners to apply these standards which are included within our Codes of Conduct, and supported by the Council’s values. This helps to support enhanced awareness and mitigation of fraud and corruption risks.

We will seek to deter and prevent fraud, corruption and theft to ensure that all risks in these areas are reduced to the lowest possible level. Where we suspect or detect fraud, corruption or theft we will thoroughly investigate and deal with any proven fraud in a consistent and balanced way. We will apply appropriate sanctions against those committing fraud and will attempt to recover all losses.

SCOPE

This Policy applies to

- All City Council employees and Councillors
- Staff and Committee members of council funded organisations
- The City Council's partners
- The City Council's suppliers, contractors and consultants
- City of Lincoln residents, businesses and other stakeholders/third parties

AIMS AND OBJECTIVES

We aim to:

- Reduce fraud and loss to an absolute minimum
- Protect the Council's valuable resources and reputation by ensuring they are not lost through fraud but are used for improved services to Lincoln residents
- Create a Counter Fraud culture which in beating fraud and corruption is part of daily business and highlights the Council's zero tolerance of fraud, corruption and theft, which defines roles and responsibilities and actively engages everyone – the public, staff, managers and policy makers
- Provide the best counter fraud service which will:
 - Proactively deter, prevent and detect fraud, corruption and theft
 - Investigate suspected or detected fraud, corruption of theft
 - Enable the Council to apply appropriate sanctions and recover all losses
 - Provide recommendations to inform policy, system and control improvements, thereby reducing the Council's exposure to fraudulent activity.

Effective counter fraud and anti-corruption arrangements are part of good governance and the wider governance framework of the Council (the Council's "Code of Corporate Governance"). The Council recognises the importance of developing a culture that is resilient to these threats.

Where possible, we will look at opportunities to improve resilience and also achieve financial savings from fraud work.

A number of specific measures have been set to measure counter fraud the outcomes and these are included at Annex A

PRINCIPLES

We will not tolerate abuse of our services or resources and have high expectations of propriety, integrity and accountability from all parties identified within this policy.

We will ensure that the resources dedicated to our Counter Fraud activities are sufficient and those involved are trained to deliver a professional counter fraud service to the highest standards.

Fraud is a crime and will result in disciplinary, legal and / or criminal action against the individual (s) concerned. We will ensure consistency, fairness and objectivity in all our investigation work – everyone will be treated equally. There is an agreed referral process to the Police which is included later in this document.

We want everyone to report any genuine suspicions of fraudulent activity. However we will not tolerate malicious or vexatious allegations or those motivated by personal gain and if proven, we may take disciplinary or legal action.

We will work with our partners (e.g. the police, district and county councils, government departments, external auditors and other investigation bodies) to strengthen and continuously improve our arrangements to counter fraud and corruption. This includes considering applications for fraud funding when and if this becomes available.

RESPONSIBILITIES

RESPONSIBILITIES	SPECIFIC RESPONSIBILITIES
Chief Executive	Ultimately accountable for the effectiveness of the Council’s arrangements for countering fraud and corruption
City Solicitor	To advise Councillors and Officers on ethical issues, standards and powers to ensure the Council operates within the law and statutory Codes of Practice. To adopt responsibilities set out in relevant counter fraud policies. To liaise with officers responsible for Counter fraud delivery

Chief Finance Officer	The Chief Finance Officer will be the accountable person to lead the organisation's approach and implement the policy. The CFO will work closely with the Chief Executive, CMT and Assistant Directors, City Solicitor as well as Internal Audit and partners to ensure the Council has adequately resourced and effective counter fraud arrangements. The CFO will monitor the risk register and fraud work plan with AD group
CMT (Corporate Management Team)	
	CMT collectively own and support the Counter fraud policy and have a responsibility to help improve awareness and promote appropriate behaviours.
	CMT will review the fraud risk register alongside the strategic risk register at least annually or on a six monthly basis (by exception). CMT will periodically review fraud outcomes, fraud work plan and resources. CMT will review and approve any changes to the Counter fraud policy.
Audit Committee	To monitor the Council's counter fraud and corruption policies / strategies and consider the effectiveness of the whistle blowing and counter fraud and corruption arrangements including reviewing and monitoring the counter fraud work plan and actions. The Audit Committee will receive a half year and annual report
Human Resources	Are responsible for providing advice in cases involving disciplinary investigations and disciplinary action
Ethics and Engagement Committee	Promoting and maintaining high standards of conduct by elected Members and co-opted Members
Councillors	To support and promote the development of a strong counter fraud culture
External Audit	The external auditor has a responsibility to review the authority's arrangements to prevent and detect fraud and corruption and seek appropriate assurances

Internal Audit	<p>To assist in the development and implementation of the Counter Fraud Policy and fraud risk assessment; investigate cases of suspected fraud where appropriate. To consider fraud risk and to make recommendations to improve controls and reduce the risk of fraud in the future.</p> <p>To participate in counter fraud partnerships.</p> <p>The Assurance Lincolnshire partnership provides access to a dedicated counter fraud team.</p>
Assistant Directors, Managers, Team Leaders	<p>AD group will monitor the policy/strategy, fraud risk register (six monthly), and action plan with the CFO</p> <p>AD's and Service managers will promote staff awareness, refer all suspected fraud and apply the policy of zero tolerance (the opposition to any form of fraud or malpractice). They will assess the risk of fraud, corruption and theft in their service areas, help maintain the corporate fraud risk register, and reduce these risks by implementing strong internal controls. They will take ownership of actions within their service area.</p>
Employees	<p>To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption, theft and to report any genuine concerns</p>
Lincolnshire County Finance Officer Group	<p>This group has a role in working together on counter fraud and considering initiatives linked to specific fraud risks; it also acts as a liaison point for the LCFP</p>
Lincolnshire Counter Fraud Partnership (LCFP)	<p>The LCFP is a partnership involving all the 8 Councils of Lincolnshire. It helps co-ordinate counter fraud projects, identify risks and improve awareness and training.</p>

APPROACH TO COUNTERING FRAUD

We will fulfil our responsibility to reduce fraud and protect our resources by completing work in each of the following areas

<p>DETERRANCE</p>	<p><i>We will promote and develop a strong counter fraud culture, raise awareness and provide information on all aspects of our counter fraud work. This will include publicising the results of all proactive work and fraud investigations</i></p>
<p>PREVENTION</p>	<p><i>We will strengthen measures to prevent fraud – we will work with managers and policy makers to ensure new and existing systems and policy initiatives are adequately protected against fraud.</i></p>
<p>DETECTION</p>	<p><i>We will continuously assess those areas most vulnerable to the risk of fraud. These risk assessments will inform fraud work plans. A Corporate fraud risk register will be maintained. Internal audit, management and third parties will carry out work in high risk areas</i></p> <p><i>We will regularly review (and if necessary improve) our whistleblowing / fraud reporting arrangements and ensure that this is in the work plan.</i></p>
<p>INVESTIGATION</p>	<p><i>Appropriately trained investigators will investigate any fraud detected Investigation may be undertaken by Internal Audit, management or third parties.</i></p> <p><i>Policies are in place to ensure that investigation staff are able to access the required information (which is proportionate and necessary)</i></p> <p><i>Appropriate access rights are in place covering outsourced activities, shared services and partnership arrangements.</i></p> <p><i>Investigations will comply with appropriate regulations and procedures.</i></p>

SANCTIONS	<p><i>We will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This may include legal, criminal and disciplinary action where appropriate</i></p> <p><i>Sanctions and redress will vary between fraud risk areas and respective policies. The “Further information” section below provides more details of current policies and strategies.</i></p>
REDRESS	<p><i>A crucial element of our response to tackling fraud is recovering any money lost through fraud – this is an important part of our strategy and will be rigorously pursued where appropriate</i></p> <p><i>We may recover expenses incurred in the cost of the investigation as well as any direct loss. For significant risk areas this will be set out in policy (see further information)</i></p>

FRAUD RISK

There are a number of specific fraud and corruption threats faced by the Council. Further details are included in Appendix B – Fraud Risks, which is supported by a separate fraud risk register. The purpose of the register is to capture key fraud risks and ensure that these are adequately controlled.

Fraud loss estimates (local and national) are used to help assess the risk of fraud where these are available. The impact (the “harm”) caused by fraud is included.

Mitigation actions which are relevant to reduce the risk level are included within the register. These include internal control measures which will be used to prevent fraud occurring or aid early detection.

The fraud risk register will be reviewed and monitored by CMT (at least annually) and six monthly by exception alongside the Strategic risk register; although detailed monitoring will take place by the CFO and AD group. This will include monitoring any actions in response to the risks of fraud and corruption.

Where there are significant or increasing fraud risks these will be brought to the attention of management.

Service Managers will also be reminded to escalate fraud risk concerns to their Assistant Director and CFO where appropriate and discuss mitigation.

Fraud risk assessment will be undertaken for significant new operations or changes in processes.

The fraud risk register will be submitted to the Audit Committee alongside the annual counter fraud report. Progress on actions will be reported six monthly.

RESOURCES AND WORKPLAN

We need to deploy the right level of resources to deal with the fraud risk.

Resources are already required to

- Facilitate the ColC/DWP/SFIS partnerships
- Manage and investigate NFI
- Liaison with the LCFP and linked projects
- Implementing the tenancy fraud strategy
- Assessing and managing fraud risks
- Investigating ad hoc fraud cases
- Monitor whistleblowing cases
- Develop and deliver fraud training
- Receive and communicate current fraud risks/threats

There are a number of actions arising from this policy /strategy which will be included within a fraud work plan. The work plan will be owned by the Chief Finance Officer, and managed together with AD group; it will be monitored also through the Audit Committee. The work plan will set out required proactive and re-active work. This will depend upon available resources and the cost/benefit of any action/project.

The work plan will reflect any gaps in best practice, will support the counter fraud policy/strategy and reflect emerging risks and opportunities. The work plan is a live document and will be updated as required.

The work plan will identify resources, skills and experience required (and available) to achieve the agreed actions. These may or may not be available from internal resources.

BENCHMARKING AND PARTNERSHIPS

The Council will participate in County wide (and other) partnerships where these can add value to existing arrangements, such as the Lincolnshire Counter Fraud Partnership. To help evaluate the experience of fraud and effectiveness of fraud risk management the council will participate in comparative or benchmarking activities (e.g. CIPFA / County wide / LCFP)

The County Finance Officers group has a role in reviewing proposed fraud projects, particularly those which involve collaboration across the different Councils of Lincolnshire.

Other current partnerships include DWP/SFIS for housing benefit

The Council will aim to benchmark fraud resources, with the LCFP, which supports counter fraud activity and the work plan.

Where there are counter fraud activities conducted collaboratively or where there is sharing of fraud resources, these arrangements will be set out in appropriate agreements in terms of the arrangements and responsibilities

The Council also aims to ensure that its counter fraud arrangements meet best practice – from CIPFA and the Government – the Council will seek support of LCFP to help review its self-assessment.

COMMUNICATION

Communications will encompass all the areas above from deterrence through to sanctions and redress. This involves raising awareness, deterring fraudsters, sharing information and celebrating success.

The potential harm from fraud will be effectively communicated to stakeholders.

The work plan will set out how the Council will publicise anti-fraud and anti-corruption activities to its staff, contractors and customers including its commitment to tackle fraud and corruption and the outcomes of successful cases.

TRAINING

It is important to have the right skills and standards to address the fraud risks identified and to investigate and conduct investigations. The work plan will identify any skills training required. There are resource limitations (for example accredited investigators) and options will need to be considered where they are required.

We recognise that awareness training is appropriate for all staff and members and will be delivered. Counter fraud awareness is part of the wider training requirements covering ethical conduct.

COMPLIANCE WITH LEGISLATION, REGULATION, PROCEDURES

All relevant legislation and other requirements will be adhered to as part of any counter fraud work

This will include:

- Data matching
- NFI
- Information sharing
- RIPA

When undertaking data matching appropriate data protection notices and data sharing protocols are put in place in accordance with agreed protocols.

USE OF TECHNOLOGY

The Council uses and will explore the further use of technology to prevent and detect fraud. This includes data sharing, for example through the NFI (National Fraud Initiative).

Local authorities can use new technology to prevent fraud, for example checking identity, official documents. Exploring the investment in technology that assists in preventing fraud and corruption will be a key part of this strategy and work plan.

Data analytics, the availability of and use of third party data, channel shift and data hubs offer an opportunity to work differently in future.

OUTCOMES

Investigation itself does not represent the outcomes of counter fraud work. We recognise that by preventing fraud we will reduce losses and the delivery of our counter fraud work plan will improve overall outcomes and achieve the aims and objectives of the policy. We will measure the effectiveness of our counter fraud arrangements by focussing on such outcomes as;

- High levels of fraud awareness
- Zero tolerance to fraud (number of referrals / ensuring suspicions reported and action taken)
- Reduced losses (a low incidence of fraud)
- Delivery of pro-active counter fraud work (work plan)
- Reducing the risk of fraud

- Successful prosecutions, other sanctions and recovery of losses
Successfully engagement with partners

We will monitor these outcomes and using a range of measures (to be developed) and will report to the Council's Audit Committee every six months.

There are number of fraud areas where we will capture statistical information This is attached at Annex C.

WHISTLEBLOWING, FRAUD REPORTING, ADVICE AND SUPPORT

The best fraud fighters are the staff and clients of local authorities. To ensure that they are supported to do the right thing a comprehensive, management-led, anti-fraud and corruption culture needs to be maintained, including clear whistleblowing and fraud reporting arrangements. Arrangements should meet best practice – BSI, Public Concern At Work for whistleblowing.

These arrangements should ensure that staff and the public have access to fraud and corruption whistle-blowing communications channels such as a helpline, and should be kept under review.

RISKS TO THE POLICY

There is limited capacity in the organisation in some areas to support counter fraud activities due to the focus being on other priorities, such as maintaining key services and meeting budget savings.

Investigators have transferred to DWP – SFIS and there are limited budgets to train staff post SFIS. Some authorities retained skilled investigators and we will work with local partners to make the best use of our combined resources. Where there are opportunities for additional funding, this may be directed at training and / or new resources to investigate fraud.

By updating the fraud risk register, developing a new work plan and seeking support of partners through the LCFP, the Council aims to maintain focus on counter fraud. The Council has been successful with partners in securing dedicated one –off fraud related funds and will continue to seek additional funding when and if it becomes available.

FURTHER INFORMATION

Information is available on the Council's website covering:

List of Council Fraud related policies and guidance

- Counter Fraud and anti-corruption policy/strategy (this policy)
- Anti-Money laundering policy
- Anti-Bribery policy
- Benefit fraud, sanctions and prosecutions policy
- RIPA policy
- Whistleblowing policy
- Tenancy Fraud Strategy
- Fraud risk register
- Fraud awareness course (City People/Netconsent)

Further information and guidance:

- Website - fraud information page
- Netconsent/City People
- Counter fraud leaflet
- Financial and contract procedures
- Codes of conduct
- Gifts and hospitality register
- Register of interests
- IT security policy
- Data protection policy
- Data transparency

Crime prevention organisations and partnerships:

National Crime Agency (NCA) leads work against serious and organised crime. Regional Organised Crime Units provide high end specialist capability, including regional fraud teams to local forces tackling the threat from serious and organised crime in their region. Organised crime can affect local authorities including money laundering, identity crime, intellectual property crime and theft of assets.

Action fraud is the national reporting point for fraud and cyber-crime. As of April 2014 both Action fraud and the NFIB are run by the City of London Police.

There are regular local Police liaison meetings between senior Council officers and senior Police Officers.

There are links to the local economic crime unit.

Counter fraud good practice:

- The local government counter fraud and corruption strategy 2016-2019
- CIPFA Code of Practice on managing the Risk of fraud and corruption

The Transparency Code

DCLG published the transparency code to strengthen transparency within local government. The Code legally requires local authorities to publish annually details of their counter fraud work. Key areas cover employees, amount spend and number of fraud cases.

FRAUD RESPONSE PLAN

Referral and Investigation

Note that there is a separate response process and policy linked to the fraud response for housing benefit, council tax support

In accordance with its objective of deterring fraud and dishonesty, the Council will pursue any remedies at its disposal, including prosecuting and recovering its losses from those responsible, and (in the case of employees) taking disciplinary action.

Where there are fraud concerns identified (or reasonable grounds for believing that a criminal offence has been committed), whether by a Councillor, employee or member of the public, the matter will (usually) initially be investigated and assessed by the Council's Internal Audit Section. If there is insufficient evidence to proceed a record of the decision will be made and appropriate feedback provided to the referrer.

Where there is believed to be sufficient evidence to proceed, a strategy meeting will be held with the Chief Finance Officer, the relevant Director (or Assistant Director), City Solicitor or Legal Services Manager, Human Resources Manager. Consultation will of course depend on the nature and scope of the case. Internal Audit will present its findings.

The purpose of the strategy meeting will be to identify the type of investigation required:

- a) Management investigation
- b) Internal Audit investigation
- c) Police investigation

Officers will be clear, open, consistent and action taken will be proportionate. When deciding whether to refer a matter to the Police, or consider other sanctions, officers will make a decision at the most appropriate time using the best available information. It is possible that a Management or Audit investigation could run concurrently with a Police investigation.

Where the fraud is proven the matter will be taken forward by the Police for prosecution.

Where the fraud is proven there will be a management decision whether to try and recover losses, and whether disciplinary action is appropriate.

Where matters are referred to the Police, Council officers having any involvement in it will be expected to give the police their full co-operation, and must take care not to do anything to prejudice the investigation.

On completion of their investigations, the Police and/or the Crown Prosecution Service will decide whether or not to prosecute, having regard to the Code for Crown Prosecutors.

The Code lays down a two stage test. The first stage is to consider whether there is sufficient evidence to prove the offence beyond reasonable doubt. The second stage is to consider whether a prosecution would be in the public interest.

Recovery of Losses

Wherever possible, the Council will take any steps it can to recover any losses resulting from fraud or dishonesty from those responsible. This may include asking the Police to apply for a compensation order, where the person responsible is prosecuted, taking proceedings in the civil courts, deducting any losses from sums owing to the person responsible, so far as the law allows. Investigation costs may be added.

We will recover any overpayments in relation to employees.

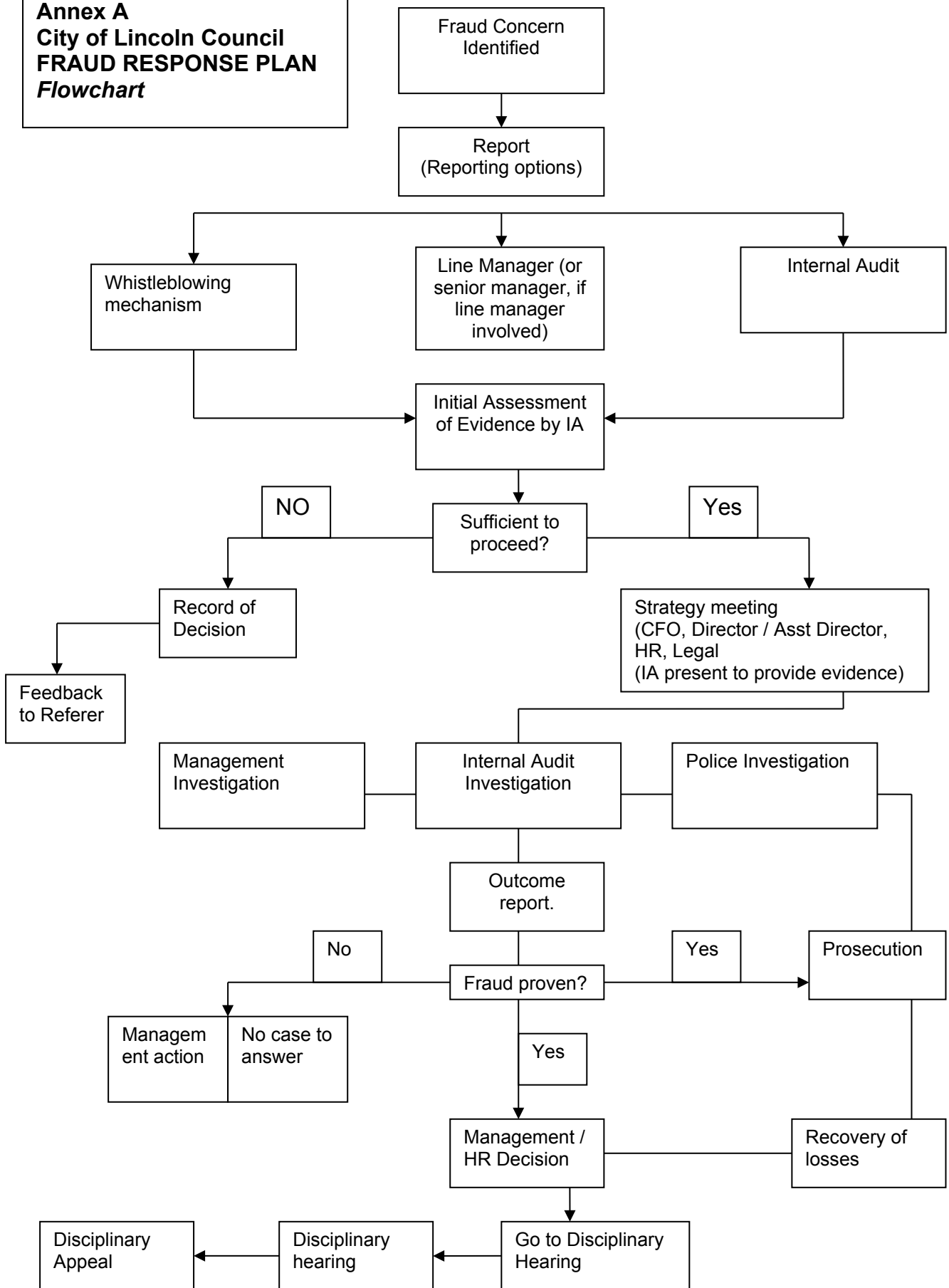
Top tips

- | | |
|---|---------------------------------|
| Don't delay – report the matter quickly | Do – write down your suspicions |
| Don't alert, approach or accuse individuals | Do – keep any evidence safe |
| Don't tell other people about your concerns | Do – tell us who you are |
| Don't – investigate yourself | Do – keep calm |

Further details and information of safeguarding your confidentiality can be found in the Council's whistle blowing policy

The fraud response plan is attached as a flowchart at Annex A

Annex A
City of Lincoln Council
FRAUD RESPONSE PLAN
Flowchart



Appendix B

Fraud Risks

Fraud risk categories

- Contracting /contract management
- Procurement
- Payments
- Income Collection
- Debt management
- Money laundering
- BACS /Cheque fraud
- Payroll / employees
- Treasury management / investment fraud
- Property / land/ equipment
- Grants - Housing and Economic Support / Third Sector
- False accounting
- IT / Data
- Insurance
- Council Tax
- Housing
- Business rates
- Council Tax Support Scheme
- Housing Benefit
- Development Management
- Theft/Asset mis-use
- Refund fraud
- Election fraud

Appendix C

Fraud Areas subject to monitoring (six monthly / annual report) – number of cases, value of fraud

- Procurement
- Insurance Claims
- Investments
- Economic & Voluntary Sector Support
- Debt
- Expenses
- Payroll
- Recruitment
- Pensions
- Mandate Fraud
- Manipulation of Data(financial and non-financial)
- Other Fraud
- No Recourse to Public Funds
- Ctax CTR
- Ctax SPD
- Ctax other
- Business rates
- Housing benefit
- Housing right to buy
- Housing sub letting
- Housing other

Transparency data

- Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 201432, or similar powers
- Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud
- Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists
- Total amount spent by the authority on the investigation and prosecution of fraud
- Total number of fraud cases investigated

Appendix D

Work plan 2018-20

CoIC Counter Fraud Work plan				
Ref	Action	Priority Resources Skills	By When	Who
1	Update Counter Fraud policy/strategy	High	December 2018	Audit Committee
2	Ensure all counter fraud policies are appropriate and up to date	Medium	As required Every Two years	CFO Audit Committee Exec
3	Update fraud risk register Implement the actions within the Counter Fraud Risk Register	High High	December 2018 Ongoing See Risks	Audit Committee
4	Complete fraud e-learning training for Officers and Members. New starters	High	Mar 19	AM
5	Communication Communicate strategy Review existing publications and publicity to determine any changes /improvements <ul style="list-style-type: none"> • Website • Publicity to stakeholders • Successful cases – Media 	Medium Medium	Mar 19 Mar 2019	CFO/ AD's AM CFO LCFP

6	<p>Projects linked to the Lincolnshire Counter Fraud partnership</p> <p>EG Deliver projects* around:</p> <p>SPD CTS Housing Tenancy</p> <p>*See full work programme</p>	<p>High</p> <p>Medium</p>	<p>As per LCFP work programme</p> <p>Ongoing</p>	<p>LCFP Managers</p> <p>LCFP</p>
7	<p>Prepare for 2018 NFI and review matches</p> <p>Match review</p>	High	<p>December 2018</p> <p>December 2019</p>	AM
8	<p>CIPFA fraud survey</p> <p>Submit Review report results</p>	Med	Annual	AM CFO
9	<p>Review counter fraud “partnership” arrangements evaluating who we work with and how effective they are</p>	Medium	March 2019	CFO CMT AD’s
10	<p>Consider the internal and external promotion of whistleblowing</p>	Medium	Mar 19	AM CFO HRM
11	<p>Ensure optimum use of technology/analytics</p> <p>Consider data technology pilots to improve efforts to detect and prevent fraud</p> <p>.</p>	Medium	<p>Ongoing</p> <p>Tenancy fraud one example/ SPD/CTS/ NFI</p>	CFO/AM LCFP
12	<p>Review intelligence on changes to the control environment (which increase fraud/error risk) Communicate requirements to service managers/AD’s</p>	Medium	Ongoing	AM/AD’s

13	Complete the Values and behaviours audit	Medium	18/19 Audit Plan	AM
14	Undertake counter fraud "healthcheck"	Medium	Mar 19	AM LCFP
15	Where there has been a fraud or attempted fraud feedback to Audit committee/AD/CMT any Control improvements	Medium	Ongoing Six month fraud and error report	AM

Appendix E Fraud Risk Register

End of report

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STRATEGIC FRAUD RISK REGISTER

Likelihood	A Almost Certain				
	B Probable				
	C Possible	7	14,15,17,18,19		13
	D Hardly Ever	11	1,2,3,4,5,6,8,9,10,11,12,16,21,22,24	23,25	
		4 Negligible	3 Minor	2 Major	1 Critical
		Impact			

RISK REGISTER: FRAUD RISKS – AS AT DECEMBER 2018

December 2018
VERSION: 2

REVIEWED:
CMT
Risk owners

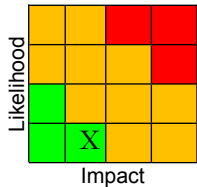
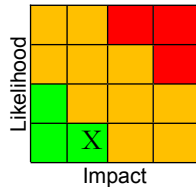
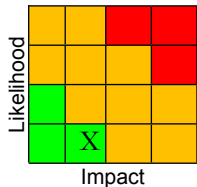
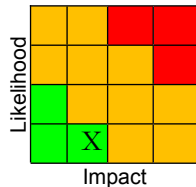
OWNER: CHIEF FINANCE OFFICER/CORPORATE MANAGEMENT TEAM

Risk No:	Risk Description (and CoIC exposure)	Risk Owner	Risk Appetite (Corporate)	Controls/Actions		Current Risk Score	Target Risk Score at end of March 2019	Level of Mgmt Assurance - (Full, Substantial, Limited, No)	Assurance – Direction of Travel (Improving, Static, Declining)
				Current/Already in Place	Required Mitigation (inc timescales)				
1.	<p>Contracting /contract management</p> <p>National – Low Local – no issues</p> <p>Bribes and kickbacks - corruption abuse of position Inflated performance information Failure to deliver contract / standard Altered payment details / mandate fraud False / duplicate payments / double invoicing / overpayments Cartels Collusion with suppliers / contractors Conflict of interest Delivery of inferior or substandard substitute products</p>	City Solicitor	Cautious	Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Fraud training	None			Substantial	Static
2.	<p>Procurement</p> <p>National – Low Local – no issues</p> <p>Violation of procedures Bribery of officers involved in tendering. Cartels Manipulation of accounts Records or methods of payments. Failure to supply Failure to supply to contractual standard. Bid rigging False bid information</p>	City Solicitor	Cautious	Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Tendering process Transparency Code E-procurement Credit checks	None			Substantial	Static

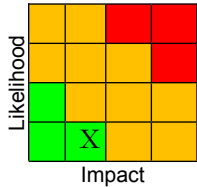
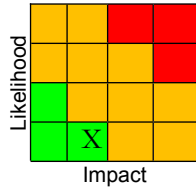
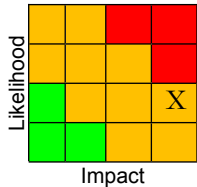
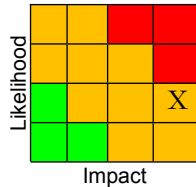
Risk No:	Risk Description (and CoIC exposure)	Risk Owner	Risk Appetite (Corporate)	Controls/Actions		Current Risk Score	Target Risk Score at end of March 2019	Level of Mgmt Assurance - (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, Static, Declining)
				Current/Already in Place	Required Mitigation (inc timescales)				
3	<p>Payments – Creditors</p> <p>National – Low Local –no fraud</p> <p>Credit card/ procurement card False invoices/claims Duplicate payments - false submission BACS fraud - fraudulent change of bank details. Mandate fraud. Finance lease fraud Illegitimate purchases</p>	CFO	Cautious	Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Budgetary control Authorisation processes P-card controls Purchase order control Bank details checks Reconciliations System controls	To agree the level/type of additional creditor duplicate payment checks needed (CFO) (if any over and above NFI) (CFO Mar 19) Purchase order project CFO/CX (ongoing) <ul style="list-style-type: none"> • Link P2 to Agresso • Contracts Register/module • Educational drive 			Substantial	Static
4	<p>Income Collection</p> <p>National – Low Local – EG Car park income - theft of machine money (not staff) -</p> <p><i>Risk usually around lack of supervision, procedures, receipting, reconciliation, signage. Policy of ""cash free"" environmen</i></p> <p>Theft by employee / external individuals Abuse of customer payment card data Cash received borrowed Non recording of income</p>	CFO	Cautious	Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Budgetary control Authorisation processes Parking services controls PCIDSS IT security Bank reconciliation Receipting systems No-cash policy	None			Substantial	Static

Risk No:	Risk Description (and CoIC exposure)	Risk Owner	Risk Appetite (Corporate)	Controls/Actions		Current Risk Score	Target Risk Score at end of March 2019	Level of Mgmt Assurance - (Full, Substantial, Limited, No)	Assurance – Direction of Travel (Improving, Static, Declining)
				Current/Already in Place	Required Mitigation (inc timescales)				
	Falsification of income records Theft of cash / income / accounting fraud - some significant areas such as parking income Avoidance of charges								
5	Debt management National – Low Local – no issues Falsifying refunds Manipulation of credit balances/payments Improper write off / cancellation Failure to institute recovery proceedings Switching/transferring arrears or manipulation of credit balances Suppression of any notification of debt to be raised	CFO	Cautious	Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Budgetary control Authorisation processes Refund procedure Balance transfer procedure Write off/recovery procedure/authorisation On hold procedure/review Reporting performance	None			Substantial	Static
6	Money Laundering National – Low Local – no issues Hiding improper transactions Exchanging money or assets obtained criminally for 'clean' money or assets Refunds following cash overpayments	City Solicitor	Cautious	Staff training and awareness Policies and procedures Income controls Monitoring processes Segregation of duties Cash payment limits Financial regulations Whistleblowing policy Counter fraud policy	Money Laundering policy to be updated December 2018 City Solicitor/Audit Manager)			Substantial	Static

Risk No:	Risk Description (and CoIC exposure)	Risk Owner	Risk Appetite (Corporate)	Controls/Actions		Current Risk Score	Target Risk Score at end of March 2019	Level of Mgmt Assurance - (Full, Substantial, Limited, No)	Assurance – Direction of Travel (Improving, Static, Declining)
				Current/Already in Place	Required Mitigation (inc timescales)				
7	<p>BACS/Cheques</p> <p>National – Low Local – no issues</p> <p>False instruments Theft of customer card data Mis-use / alteration of cheques Mandate, Direct Debit or Standing Order fraud on Council's account. Counterfeit cheques Alteration of existing cheques</p>	CFO	Cautious	<p>Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Budgetary control Authorisation processes Bank reconciliation PCIDSS compliant Cheque control Other reconciliation arrangements</p>	None			Substantial	Static
8	<p>Payroll/employees</p> <p>National – Low Local –very occasional</p> <p>Ghost employees Manipulation of payroll data Recruitment fraud e.g. qualification / reference/ convictions False claims and allowances False recording of working hours and leave Pension fraud Abuse of holiday, sickness absence or other time off entitlements Working whilst on sick leave Failure to declare convictions Mis-use of time - excessive use of mail / internet Unauthorised changes to payroll system</p>	City Solicitor	Cautious	<p>Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Budgetary control Authorisation processes IT access controls Recruitment controls/ID checks IT systems</p>	None			Substantial	Static

Risk No:	Risk Description (and CoIC exposure)	Risk Owner	Risk Appetite (Corporate)	Controls/Actions		Current Risk Score	Target Risk Score at end of March 2019	Level of Mgmt Assurance - (Full, Substantial, Limited, No)	Assurance – Direction of Travel (Improving, Static, Declining)
				Current/Already in Place	Required Mitigation (in timescales)				
	Redirection or manipulation of payments Not undertaking required duties Working for multiple employers without knowledge of others breaches of authorisation and payment procedure false identity immigration - no right to work acceptance of gifts/ conflicts of interest								
9	Treasury management / investment fraud National – Low Local – no issues Misappropriation / manipulation of investments for personal gain Potential conflicts of interest Unauthorised access to information Fraudulent misappropriation of assets Loss through breach of procedures False Instruments	CFO	Cautious	Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Budgetary control Authorisation processes IT access controls Treasury advisors Treasury strategy and guidance	None			Substantial	Static
10	Property, land , equipment National – Low Local – no issues Misappropriation / misuse Valuation of property for	CFO	Cautious	Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring	Completion of inventory (Mar 19)			Substantial	Static

Risk No:	Risk Description (and CoIC exposure)	Risk Owner	Risk Appetite (Corporate)	Controls/Actions		Current Risk Score	Target Risk Score at end of March 2019	Level of Mgmt Assurance - (Full, Substantial, Limited, No)	Assurance – Direction of Travel (Improving, Static, Declining)
				Current/Already in Place	Required Mitigation (inc timescales)				
	personal gain Disposal of assets - land and property			Due diligence checks Intelligence sharing Budgetary control Authorisation processes IT access controls Inventory Asset registers Acquisition and disposal procedures RICS Legal review					
11	<p>Grants - Housing and Economic Support / Third Sector</p> <p>National – Low Local – no issues</p> <p>This type of fraud relates to the false application or payment of grants or financial support to any person and any type of agency or organisation</p> <p>Fictitious / fraudulent claims "False payment of grants, loans or financial support to any private individual, company, charity or non-governmental organisation, including; - housing renovation / DFG grant - collusion between housebuilder and builder - grants paid to landlords for property regeneration" donations to local sports clubs and other clubs loans or grants made to a</p>	CFO City Solicitor AD-HES	Cautious	Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Budgetary control Authorisation processes IT access controls Grant control procedures Quotes/tenders Service level agreements	None			Substantial	Static

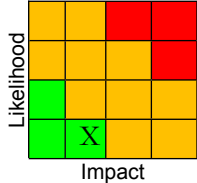
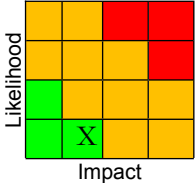
Risk No:	Risk Description (and CoIC exposure)	Risk Owner	Risk Appetite (Corporate)	Controls/Actions		Current Risk Score	Target Risk Score at end of March 2019	Level of Mgmt Assurance - (Full, Substantial, Limited, No)	Assurance – Direction of Travel (Improving, Static, Declining)
				Current/Already in Place	Required Mitigation (inc timescales)				
	charity Misuse of monies / failing to deliver agreed service Theft / misappropriation of grant funds Conflicts of interest								
12	False Accounting National – Low Local – no issues Making misleading / false or deceptive entries Omission of details	CFO	Cautious	Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Budgetary control Authorisation processes IT access controls Internal control processes External audit Reconciliations IT systems	None			Substantial	Static
13	IT/Data National – Medium Local – External malware attacks possible Misuse/ theft of information for personal gain Manipulation of data – financial or non-financial – performance or gain Data theft e.g. access rights Cyber fraud/malware/ransomware/hacking Theft of equipment Misuse of internet and email	AD-SD City Solicitor BDIT Manager Data Protection Officer	Cautious	Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Budgetary control Authorisation processes IT access controls IT security policies Information governance	None Implementation of (IT security) audit recommendations LGA Stocktake (actions to be agreed) IT DR review completion Completion of GDPR action plans			Limited/ Substantial	Static

Risk No:	Risk Description (and CoIC exposure)	Risk Owner	Risk Appetite (Corporate)	Controls/Actions		Current Risk Score	Target Risk Score at end of March 2019	Level of Mgmt Assurance - (Full, Substantial, Limited, No)	Assurance – Direction of Travel (Improving, Static, Declining)
				Current/Already in Place	Required Mitigation (inc timescales)				
				policies and action plans PCIDSS Prevention Cryptshare Citrix controls Software controls Patching Back-up/IT DR Asset registers Procurement process Disposal process					
14	Insurance National – Low Local – no issues This fraud includes any false insurance claim made against an organisation or an organisation's insurers.	CFO	Cautious	Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Budgetary control Authorisation processes IT access controls Claims management systems Database of previous cases	None			Substantial	Static
15	Council Tax National – High Local – 2018 722 removals 6.8% Revenue £218,724	CFO HRBSS	Cautious	Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring	Single Person Discount review 2018 (complete) Reviewing rolling SPD reviews and SMART referrals with LCFP – could take place from April 2019.			Substantial	Static

Risk No:	Risk Description (and CoIC exposure)	Risk Owner	Risk Appetite (Corporate)	Controls/Actions		Current Risk Score	Target Risk Score at end of March 2019	Level of Mgmt Assurance - (Full, Substantial, Limited, No)	Assurance – Direction of Travel (Improving, Static, Declining)
				Current/Already in Place	Required Mitigation (in timescales)				
	<p><i>Refund of Tax attempts</i></p> <p>A. Single Person Discount A. Exemptions - student occupancy/ vacant properties / property left empty by deceased persons / severely mentally impaired B. Avoidance of liability through any other fraudulent claim for council tax entitlement e.g. student exceptions B. New properties not on the list built without planning permission B. No notification of properties built & occupied or built & substantially complete. C. Refund fraud</p>			<p>Due diligence checks Intelligence sharing Budgetary control Authorisation processes IT access controls</p> <p>SPD review Exemptions/discounts ongoing review processes Property inspection Refund controls Benefit record matches</p>					
16	<p>Business Rates</p> <p>National – low risk Local –BR avoidance project now completed <i>One or two referred to the Insolvency service each year</i> <i>Non-disclosure - there are about 10 a year where we have issues and need to investigate further/challenge</i></p> <p>Business rate fraud is not a transparent landscape for the fraud investigator, with legislation making it difficult to differentiate between evasion and avoidance. Business rate fraud can include the falsification of circumstances to gain exemptions and discounts.</p>	CFO HRBSS	Cautious	<p>Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Budgetary control Authorisation processes IT access controls</p> <p>Company checks Insolvency service Business rates avoidance work – ongoing learning used Intelligence gathering Reliefs – approval Balance transfer approval</p>	None			Substantial	Static

Risk No:	Risk Description (and CoIC exposure)	Risk Owner	Risk Appetite (Corporate)	Controls/Actions		Current Risk Score	Target Risk Score at end of March 2019	Level of Mgmt Assurance - (Full, Substantial, Limited, No)	Assurance – Direction of Travel (Improving, Static, Declining)
				Current/Already in Place	Required Mitigation (inc timescales)				
	<p>This is any fraud linked to the avoidance of paying NNDR which could include:</p> <ul style="list-style-type: none"> False company details Failure to declare occupation Payment using false bank details Companies going into liquidation then forming new companies Not disclosing relevant information - e.g. size of company to gain rate relief (small business relief) Manipulation of credit balances/payments Fraudulent refunds Temporary leases to charities Partial occupation - not illegal. 			Refund process					
17	<p>Council Tax Support Scheme</p> <p>National – High Risk Local –</p> <p><i>Changes are made to CTS accounts linked to any HB fraud data</i></p> <p>Any fraud linked to the false claiming of Council Tax Support.</p>	CFO HRBSS	Cautious	<p>Supervision</p> <p>Separation of duties</p> <p>HR policies</p> <p>Registers (GH/Interests)</p> <p>FPR/CPR</p> <p>Training</p> <p>NFI</p> <p>Whistleblowing</p> <p>Arrangements</p> <p>Monitoring</p> <p>Due diligence checks</p> <p>Intelligence sharing</p> <p>Budgetary control</p> <p>Authorisation processes</p> <p>IT access controls</p> <p>HB changes actioned</p> <p>CTS policy</p> <p>HB matching service</p> <p>RTI</p> <p>SPD reviews (with CTS)</p> <p>HB/CTS fraud prosecution and sanctions policy updated (18/19)</p>	<p>Reviewing rolling SPD reviews and SMART referrals with LCFP – could take place from April 2019.</p>			Substantial	Static

Risk No:	Risk Description (and CoIC exposure)	Risk Owner	Risk Appetite (Corporate)	Controls/Actions		Current Risk Score	Target Risk Score at end of March 2019	Level of Mgmt Assurance - (Full, Substantial, Limited, No)	Assurance – Direction of Travel (Improving, Static, Declining)
				Current/Already in Place	Required Mitigation (inc timescales)				
18	<p>Housing Benefit</p> <p>National –High Risk Local – no issues</p> <p><i>2017/18 Five HB admin penalties</i> <i>Four cases were prosecuted and found guilty.</i></p> <p>Any fraud linked to the false claiming of housing benefit</p> <p>No recourse to public funds - this type of fraud includes claimants using false documents to obtain benefits</p>	CFO HRBSS	Cautious	Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Budgetary control Authorisation processes IT access controls Fraud Policies and Procedures DWP/SFIS liaison Validation exercises HB Matching Scheme NFI matching scheme RTO/Optional RTI – RTI continues 18-19 Fraud policy Fraud Act Intelligence gathering Data cleansing HB/CTS fraud prosecution and sanctions policy updated (18/19)				Substantial	Static
19	<p>Housing</p> <p>National – High Risk Local –17-18 <i>2 cases sub-letting</i> <i>24 notices to quit for non-occupation</i></p> <p><i>Housing and tenancy fraud takes a number of forms including:</i> <i>illegal subletting for profit</i> <i>providing false information to gain a tenancy</i></p>	AD- Housing (management/Investment)	Cautious	Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Budgetary control Authorisation processes	Undertake a tenancy fraud risk assessment and produce an updated fraud strategy/action plan, aligned to a refresh of the fraud policy. Undertake pro-active fraud work during 2018/19 (using a tenant verification service)			Limited/Substantial	Static

Risk No:	Risk Description (and CoIC exposure)	Risk Owner	Risk Appetite (Corporate)	Controls/Actions		Current Risk Score	Target Risk Score at end of March 2019	Level of Mgmt Assurance - (Full, Substantial, Limited, No)	Assurance – Direction of Travel (Improving, Static, Declining)
				Current/Already in Place	Required Mitigation (inc timescales)				
	<p><i>wrongful tenancy assignment and succession</i> <i>failing to use the property as the principal home</i> <i>right to buy fraud, for example where circumstances have been misrepresented to qualify for a discount</i></p> <p>Tenancy sub-letting in contravention of tenancy agreement (A) Non-occupation in contravention of tenancy agreement (not technically fraud)" Key selling (A) Fraudulent succession - false information (A) Right to Buy fraudulent application , valuation (A) Fraudulent application - false information (B) False homelessness applications - false information (B) Sheltered schemes - theft of customers money (C)</p>			IT access controls Fraud policy Application process Social Housing Fraud Act Eviction powers ID checks Valuation process (RTB) RTB verification process Home visits No involvement with client monies Access/Key security	(between December 18 and March 2019)				
20	<p>Development management / Planning</p> <p>National – Low Local – no issues</p> <p>Corruption / collusion / inducements / conflict of interest / bribery Planning, S106, affordability, other areas where officers are checking compliance / fines issued Using Planning process to increase land values False representations</p>	Planning Manager	Cautious	Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training (annual for members) NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Budgetary control Authorisation processes	None			Substantial	Static

Risk No:	Risk Description (and CoIC exposure)	Risk Owner	Risk Appetite (Corporate)	Controls/Actions		Current Risk Score	Target Risk Score at end of March 2019	Level of Mgmt Assurance - (Full, Substantial, Limited, No)	Assurance – Direction of Travel (Improving, Static, Declining)
				Current/Already in Place	Required Mitigation (inc timescales)				
	(Support/non-support) Provision of false information by the applicant.			Legal requirements Public records Transparency Planning Ombudsman					
21	<p>Theft / Asset misuse</p> <p>National – Low Local – no issues</p> <p>Stores Materials Plant Vehicles Fuel General Theft of cash Theft of income Accounting fraud - significant areas such as Parking income. Inappropriate use of Council assets - eg IT equipment, vehicles, other assets</p>	CFO + All AD's	Cautious	<p>Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Budgetary control Authorisation processes</p> <p>Asset register Inventory Policies/procedures See income risk</p>	<p>Completion of inventory (Mar 19)</p> <p>IT asset check (Mar 19)</p>			Substantial	Static
22	<p>Refund fraud</p> <p>National – Low Local –None recently</p> <p><i>We have tightened the controls considerably and put strategies in place so that we are much less likely to be exposed to this kind of fraud.</i></p> <p>Any fraud linked to the false claiming of Council Tax Support, NNDR or Rents refunds. Payment using</p>	CFO	Cautious	<p>Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing Budgetary control Authorisation processes</p> <p>Application process PCIDSS</p>	None			Substantial	Static

Risk No:	Risk Description (and CoIC exposure)	Risk Owner	Risk Appetite (Corporate)	Controls/Actions		Current Risk Score	Target Risk Score at end of March 2019	Level of Mgmt Assurance - (Full, Substantial, Limited, No)	Assurance – Direction of Travel (Improving, Static, Declining)
				Current/Already in Place	Required Mitigation (inc timescales)				
	false/fraudulent instrument then reclaiming a refund. Employee based false payment then request for refund.			Due diligence checks Banking checks Segregation of duties IT access					
23	<p>Election Fraud</p> <p>National –low Local – no issues</p> <p>Fraudulent voting Fraudulent acts by canvassers Fraudulent acts by poll clerks/officers Fraudulent acts by individuals</p>	City Solicitor	Cautious	<p>Management review of processes Staff training Clear policies and procedures Restricted system access Independent count staff Security at the count centre Management oversight Ballot boxes are secure Audit trail Verification of signatures and dates of birth of postal voters Verification of identify at the polling station Supervision at counts Access controls Application form checks Regular review of electoral register Police single point of contact (SPOC) information both ways Integrity plan ahead of any election</p> <p>Daily checks are completed to ensure that there are no duplicate entries in the register. Controls around impersonation</p>	None			Substantial	Static

Risk No:	Risk Description (and CoIC exposure)	Risk Owner	Risk Appetite (Corporate)	Controls/Actions		Current Risk Score	Target Risk Score at end of March 2019	Level of Mgmt Assurance - (Full, Substantial, Limited, No)	Assurance – Direction of Travel (Improving, Static, Declining)
				Current/Already in Place	Required Mitigation (inc timescales)				
24	Bribery and Corruption National – Low Local – no issues Bribery / Corruption / collusion / inducements / conflict of interest	City Solicitor CFO	Cautious	Anti-bribery policy Supervision Separation of duties HR policies Registers (GH/Interests) FPR/CPR Training NFI Whistleblowing Arrangements Monitoring Due diligence checks Intelligence sharing	None			Substantial	Static
25	Partnerships and outside bodies Fraud risks within these areas including financial	City Solicitor	Cautious	Partnership/joint working guidance Training Member induction/training Legal review Finance review	Further training for officers and members			Substantial	Static
26	Identity fraud Identity fraud is a risk within other areas, but is cross-cutting so recorded as a separate risk	City Solicitor CFO	Cautious	Identity checks Guidance/Training DWP requirements Equipment (UV)	Consolidate guidance and distribute corporately by Mar 19			Substantial	Static

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EXTRACT FROM COMMITTEE

Audit Committee

11 December 2018

42. Counter Fraud Strategy

John Scott, Audit Manager

- a. presented the revised Counter Fraud and Anti-Corruption policy/ strategy for comment prior to referral to Executive for approval.
- b. advised that the Council's counter fraud policy/strategy was updated in 2016 to reflect the latest guidance from CIPFA (Chartered Institute for Public Finance and Accountancy) and DCLG (Department for Communities and Local Government). The 2018 review ensured the strategy was up to date and also updated the action plan.
- c. summarised Annex A of the report and highlighted the changes to the roles and responsibilities.
- d. advised that the policy/strategy reflected the limited resources available to the Council risks/actions aimed to maximise efficiency and effectiveness where possible.

RESOLVED that the revised Counter Fraud Strategy be referred to Executive for approval.

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