

STROUD DISTRICT COUNCIL

AUDIT AND STANDARDS COMMITTEE

30 JANUARY 2024

Report Title	Counter Fraud and Enforcement Unit Report			
Purpose of Report	To provide the Audit and Standards Committee with assurance over the counter fraud activities of the Council in relation to the work undertaken by the Counter Fraud and Enforcement Unit.			
Decision(s)	The Committee RESOLVES to consider the report and comment as necessary.			
Consultation and Feedback	Work plans are agreed and reviewed regularly with both the Strategic Director of Resources and the Corporate Director and Monitoring Officer. Any Policies drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by One Legal and have been issued to the relevant Senior Officers, Management and Governance Officers for comment.			
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Options	The service is a specialist criminal enforcement service working with the Gloucestershire Local Authorities, West Oxfordshire District Council and a number of other public sector bodies such as social housing providers.			
Background Papers	None.			
Appendices	None.			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	Yes	Yes	Yes	No

1. INTRODUCTION / BACKGROUND

- 1.1. In administering its responsibilities the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or a Councillor.
- 1.2. The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate priorities and community plans.
- 1.3. The Audit and Standards Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.
- 1.4. A summary of the work undertaken is presented to the Audit and Standards Committee detailing progress and results for consideration and comment as the body charged with governance in this area.

2. MAIN POINTS

- 2.1. The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds. The CFEU provides assurance in this area. Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption. If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.
- 2.2. The CFEU Head of Service forms part of the core Multi-Agency Approach to Fraud (MAAF) group. The core group consists of attendees from Gloucestershire Constabulary Economic Crime Team, Trading Standards, Victim Support, NHS and colleagues from Gloucester City and County Councils. The MAAF has been set up to discuss fraud trends, victim care and communication of fraud scams across Gloucestershire. Through collaborative working the main purpose is to raise awareness to minimise and disrupt fraud.
- 2.3. The CFEU will be working with colleagues within Trading Standards and the Police to establish an effective communication strategy to provide relevant information to residents relating to fraud risk, emerging scams and ways to avoid them. Awareness sessions will be arranged for staff and Members.
- 2.4. As a dedicated investigatory support service, the CFEU undertakes a wide range of enforcement and investigation work according to the requirements of each Council. This includes criminal investigation and prosecution support for enforcement teams, investigations into staff/member fraud and corruption, or tenancy and housing fraud investigation work.
- 2.5. The CFEU has been tasked with undertaking the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support), working closely with the Department for Work and Pensions in relation to Housing Benefit investigations. Between 1 April 2023 and 31 December 2023, the team have received 10 referrals, closed 13 cases and processed 4 enquiries for the Department for Work and Pensions. Increased Council Tax revenue of £1,179 has been raised.
- 2.6. All Local Authorities participate in the Cabinet Office's National Fraud Initiative, which is a data matching exercise to help prevent and detect fraud nationwide. The use of data by the Cabinet Office in a data matching exercise is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under Data Protection Legislation.
- 2.7. The CFEU are assisting the Revenues and Benefits Department with the review of National Fraud Initiative (NFI) matches:
 - 1,143 matches were reviewed regarding single person discount anomalies in relation to the 2021/2022 upload of data. 504 accounts were identified as requiring further enquiries with the liable parties. 121 accounts have been updated resulting in £142,959 increased revenue. In addition 74 Civil Penalties have been applied totalling £5,180.
 - The team have received 1,496 matches relating to the 2022/2023 data sets. These will be reviewed in due course along with the latest batch of matches generated following the 2023/2024 upload of data.
- 2.8. The CFEU continues to support the Council in tackling tenancy fraud. The overall remit is to prevent, detect and deter abuse of public funds and social housing. Housing and tenancy fraud remains as one of the top four areas of fraud and abuse within the public sector. This takes many forms but the two most significant areas are Right to Buy and Illegal Subletting. The CFEU will continue to work with the Council and social housing providers to tackle this effectively.

- 2.9. The Counter Fraud Officers are authorised under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014. This means they are authorised to obtain information relating to an individual from organisations such as financial institutions (banks, credit card companies), utility companies, communications providers and so on. The Act also created new offences in relation to housing fraud that can be prosecuted by Local Authorities acting on behalf of Social Landlords.
- 2.10. Between 1 April 2023 and 31 December 2023, the team have received 13 referrals and closed 5 cases. Following a successful investigation relating to Application Fraud, a property was recovered representing £42,000 in loss avoidance.
- 2.11. As a rough guide, the Fraud Advisory Panel, Charity Commission, Tenancy Fraud Forum and others have produced a new method using a standard formula to arrive at an average national cost to the taxpayer per detected tenancy fraud of £42,000. The formula considers:
- The annual average temporary accommodation cost per family for individual Councils (£12,100) multiplied by 3 being the typical duration of for one of these frauds = £36,300;
 - Add the average investigation costs (£1,300), average legal costs (£1,000) and the average void costs (£3,140)
 - = £41,740 approximated to £42,000.
- 2.12. Between 1 April 2023 and 31 December 2023:
- The team received a further 6 referrals from across the Council and closed 3 cases.
 - The CFEU undertakes Member Code of Conduct Investigations. Following an investigation in relation to a District Council matter, a Standards Hearing was held on 7 August 2023 and it was found that there had been a breach.
 - Work undertaken with the Revenues Team resulted in the removal of an incorrect Council Tax discount, resulting in £247 Council Tax Revenue and the application of a £70 Civil Penalty.
- 2.13. **CFEU Partnership**
- 2.14. From the 1 April 2024, Stroud District Council will be joining the CFEU Partnership which was formed in 2017 to mitigate fraud risk and to reduce criminal activity and financial loss in each member Council's jurisdiction. The five partner Councils at present are Cheltenham Borough, Cotswold District, Forest of Dean District, Tewkesbury Borough and West Oxfordshire District.
- 2.15. The team provides counter fraud, investigative and criminal enforcement support for Councils within the partnership but also delivers fraud prevention and detection services to additional Councils and to a number of Social Housing Providers.
- 2.16. Introductory sessions have been arranged with Leadership and Management Team, all staff briefings and with Members via the Hub and Group Leaders. The sessions will briefly cover the partnership, delivery, contact information and how referrals can be made.
- 2.17. The CFEU have responsibility for a number of Policies. The partnership Counter Fraud and Anti-Corruption Policy will be presented to Audit and Standards Committee in April 2024. In addition the Partnership Fraud Risk Strategy will also be presented to the Committee at the April meeting.
- 2.18. The team will be introducing a CFEU website and intranet page for Stroud residents and staff for information relating to the work we undertake, Policy information and links in relation to referring matters direct to the team.

- 2.19. A work plan for 2024/25 will be drawn up following discussion with Senior Management. Once agreed by Strategic Director of Resources and the Corporate Director and Monitoring Officer it will be incorporated into the biannual updates reports to Audit and Standards Committee.
- 2.20. The Council will also be signed up to protocols and agreements that the CFEU have in place with Trading Standards, HM Revenue and Customs, the Home Office etc.

3. CONCLUSION

- 3.1 The Council were fully supportive of the original Counter Fraud Unit project and funding bid. Following several years of service provision, the Council will be joining the neighbouring Councils as a full Partner.

4. IMPLICATIONS

4.1 Financial Implications

The report details financial savings generated by the CFEU and the objectives in reducing crime and financial loss to the Local Authority.

Council Tax Revenue - £144,385, ultimately shared amongst precepting authorities

Penalties - £5,250

Loss Avoidance - £42,000

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4.2 Legal Implications

- 4.2.1 In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.

- 4.2.2 The Council has a statutory obligation for enforcing a wide range of legislation, where it is necessary and proportionate to do so. Human rights implications are a consideration of this type of activity and this is included within any Policy and decision making.

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4.3 Equality Implications

- 4.3.1 The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.

4.4 Environmental Implications

- 4.4.1 There are no significant implications within this category.