

STROUD DISTRICT COUNCIL

AUDIT AND STANDARDS COMMITTEE

16 APRIL 2024

Report Title	Counter Fraud and Enforcement Unit Report			
Purpose of Report	To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided biannually and are presented detailing progress and results for consideration and comment as the body charged with governance in this area. The report also provides the annual update in relation to the Regulation of Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA) and the Council's existing authorisation arrangements.			
Decision(s)	The Committee RESOLVES to consider and comment on the report.			
Consultation and Feedback	Work plans are agreed and reviewed regularly with the Strategic Director of Resources. 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, Governance Group and Corporate Management for comment.			
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Options	The Counter Fraud and Enforcement Unit is working with all Gloucestershire Local Authorities, West Oxfordshire District Council and other public sector bodies such as housing associations. The Service is a shared one across the County and, as such, overheads and management costs are also shared equally meaning there is increased value for money.			
Background Papers	None.			
Appendices	None.			
Implications (further details at the end of 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. Work plans have been agreed with the Strategic Director of Resources and the Council's Management. The Audit and Standards Committee, as the body charged with governance in this area, is presented with a copy of the work plan for information.
- 1.5. The work plan for 2024/25 includes a focus on fraud risk mitigation regarding grant schemes and polygamous working as high-risk areas. This work will include both prevention and detection activities.

2. MAIN POINTS

2.1 Counter Fraud and Enforcement Unit Update

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 It has been agreed that the Gloucestershire MAAF will have a dedicated webpage. This would be serviced through the ICT team at Tewkesbury Borough Council, funding has been requested from the Office of the Police and Crime Commissioner to support this. The website is an opportunity to put in place a communication medium that will be accessible to residents and staff in the county and beyond. This dedicated webpage will enable the group to shape fraud related messaging and offer guidance, advice on fraud and signpost people to the support that is available. The site will enable the group to educate our communities on the changing threat and to provide success stories and testimonials in order to reduce the stigma and increase reporting.

2.4 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.

- As previously reported, earlier in the financial year, matches relating to the 2021/22 data sets resulted in increased Council Tax revenue of £142,959 and 74 Civil Penalties, totalling £5,180, being applied.
- In relation to the 2022/23 and 2023/24 data sets, the team will be confirming which matches will be the responsibility of the CFEU and the review will commence. Results will be reported in the next CFEU update report.

2.5 In addition to the strategic support and agreed annual work plan, 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.

2.6 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 21 March 2024, the team have received 20 referrals, closed 22 cases and processed enquiries for the Department for Work and Pensions. Outcomes are as reported to the Committee in January 2024.

2.7 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.

- 2.8 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
- 2.9 Between 1 April 2023 and 21 March 2024, the team have received 16 referrals and closed 14 cases. Outcomes are as reported to the Committee in January 2024.
- 2.10 In the same period, the team received a further 14 referrals from teams across the Council and closed 4 cases, outcomes are as reported to Committee in January 2024. Additionally, the team received 2 referrals relating to disciplinary matters, these are ongoing.
- 2.11 **Regulation of Investigatory Powers Act 2000 (RIPA) / Investigatory Powers Act 2016 (IPA)**
- 2.12 The Council's policies are based on the legislative requirements of these Acts and supporting guidance relating to directed surveillance and the acquisition of communications data.
- 2.13 The Policies were reviewed and presented to the Audit and Standards Committee in April 2021. The Use of the Internet and Social Media in Investigations and Enforcement Policy, was presented to Audit and Standards Committee in July 2022.
- 2.14 The Policies were to be reviewed within the CFEU work plan during 2023/24 and this was undertaken by the Investigatory Powers Commissioner's Office (IPCO). The Policies were fully endorsed with a request to remove any reference to the OSC Procedures and Guidance document as it has been removed from circulation. This has been done. It is not therefore proposed that the Policies will be presented to Members for approval following the review, but copies can be found on the Council's website. There have been no subsequent amendments to date.
- 2.15 The Council must have a Senior Responsible Officer and Authorising Officers to approve any applications for surveillance or the use of a Covert Human Intelligence Source, before the Court is approached. The Senior Responsible Officer is the Corporate Director (Monitoring Officer), Claire Hughes and the Authorising Officers are the Strategic Director of Place, Brendan Cleere and the Head of Environmental Health, Sarah Clark.
- 2.16 All applications for communications data are made online via the National Anti-Fraud Network (NAFN) which acts as the single point of contact for Councils. There is a requirement for the Council to nominate a Designated Senior Officer who will confirm to NAFN that the Council is aware of any request and approves its submission. This role is undertaken by the Counter Fraud and Enforcement Unit.
- 2.17 The Investigatory Powers Commissioner's Office and the Office for Communications Data Authorisations are the overseeing bodies of this activity. The two organisations are merging to improve efficiency whilst protecting the independent decision making of each. The merged organisation will remain under the name IPCO.
- 2.18 The Investigatory Powers (Amendment) Bill looks to make changes to the IPA following a review of the original Act in light of technological changes and evolving threats. A summary of any changes that impact the Council's activities will be provided as the matter progresses.
- 2.19 In May 2023, the Council was notified of an inspection by IPCO, regarding its compliance with the legislation. The last inspection took place in January 2022. The inspection was completed by the CFEU remotely and the report confirmed full compliance. The next inspection is due in 2026.

- 2.20 The CFEU has developed a summary and guidance document for all enforcement staff, this will be issued with a reminder to book refresher training with the CFEU. A copy will be issued to all Members for information and reference.
- 2.21 There have been no RIPA applications made by the Council during 2023/24 and no applications were made for communications data. There have been no Non-RIPA applications either.
- 2.22 The Council takes responsibility for ensuring its procedures relating to surveillance and the acquisition of communications data are continuously improved and all activity is recorded.

3. CONCLUSION

- 3.1 The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds. Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption.
- 3.2 If the Council does not have effective counter fraud and corruption controls, it risks both assets and reputation.
- 3.3 The RIPA and IPA Policies demonstrate the Council's consideration of necessity, proportionality and public interest when deciding on surveillance activity or the decision to obtain personal communication data. The application of the Policies and Procedures, to govern surveillance and the obtaining of personal communications data, minimises the risk that an individual's human rights will be breached. Furthermore, it protects the Council from allegations of the same.

4. IMPLICATIONS

4.1 Financial Implications

- 4.1.1 The report details financial savings generated by the CFEU and the objectives in reducing crime and financial loss to the Council. Council Tax revenue, penalty value and loss avoidance details were provided to the Committee in January 2024.

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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 Authority is also required to ensure that it complies with the Regulation of Investigatory Powers Act 2000, the Investigatory Powers Act 2016 and any other relevant/statutory legislation regarding investigations. Any authorisations for directed/covert surveillance or the acquisition of communications data undertaken should be recorded appropriately in the Central Register.

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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. The CFEU seeks to ensure that public authorities' actions are consistent with the Human Rights Act 1998 (HRA). It balances safeguarding the rights of the individual against the needs of society as a whole to be protected from crime and other public safety risks.

4.4 Environmental Implications

- 4.4.1 There are no significant implications within this category.