

STROUD DISTRICT COUNCIL

AUDIT AND STANDARDS COMMITTEE

28 SEPTEMBER 2021

Report Title	COUNTER FRAUD UNIT REPORT			
Purpose of Report	<p>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 Unit (CFU).</p> <p>The report 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.</p>			
Decision(s)	The Committee RESOLVES to note the CFU updates.			
Consultation and Feedback	Work provision for 2021/2022 was agreed with the Strategic Director of Resources.			
Report Author	Emma Cathcart, Counter Fraud Unit Manager Tel: 01285 623356 Email: Emma.Cathcart@cotswold.gov.uk			
Options	None. The CFU 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. 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.
- 1.2. A summary of the work undertaken during 2021/2022 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. Work plans are agreed with senior management.
- 1.3. The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds. The Counter Fraud Unit 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. MAIN POINTS

2.1. Counter Fraud Unit Update

- 2.2. As a dedicated investigatory support service, the CFU 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.
- 2.3. The CFU 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.
- 2.4. Since 1 April 2021, the team have received 4 referrals and closed 3 cases. This resulted in the following:
- 2 successful prosecutions:
 - Case 1 – the defendant pleaded guilty and received a 12-month Community Order and is required to undertake 200 hours unpaid work. In addition, £85 costs were awarded. The increased Council Tax revenue or fraudulently claimed Council Tax Support totalled £2,239.
 - Case 2 – the defendant pleaded guilty and received a £660 Fine. In addition, £507 costs were awarded. The increased Council Tax revenue or fraudulently claimed Council Tax Support totalled £584. The defendant had been offered a Criminal Penalty as an alternative to prosecution but failed to cooperate.
 - The application of 1 Civil Penalty £50.
 - The team have processed 14 enquiries for DWP and referred 1 case.
- 2.5. 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.
- 2.6. The CFU are assisting the Revenues and Benefits Department with the review of National Fraud Initiative (NFI) matches. The team have reviewed 441 matches relating to single person discount anomalies. 181 accounts have been identified as requiring further enquiries with the liable parties. Where responses have been received 48 accounts have been referred to the Revenues Department requiring action. A number of enquiries remain outstanding or are pending a response. Increased revenue figures and penalty details will be provided within the next CFU update report.
- 2.7. The CFU continues to support the Council in tackling tenancy fraud. The overall remit of the CFU 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 CFU will continue to work with the Council 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. Since 1 April 2021, the team have received 1 new case and closed 4 cases. One property has been recovered representing £93,000 in loss avoidance. As a rough guide, the Cabinet Office estimated the following savings to Social Housing Providers:
- Tenancy Fraud - £93,000 per property recovered based on average four year fraudulent tenancy – this includes temporary accommodation for genuine applicants, legal costs to recover the property, re-let cost and rent foregone during the void period between tenancies.
 - Right to Buy - £65,000 per application withdrawn based on average house prices and minimum right to buy discount.
 - Housing Waiting List Misrepresentation - £10,000 per applicant removed based on 1 year local temporary accommodation cost for genuine applicants. The National Fraud Initiative apply a more conservative estimate of £3,240 per case for future losses prevented as a result of removing an applicant from council housing waiting list.
- 2.10. The CFU undertakes Member Code of Conduct Investigations on behalf of the partnership and 1 case has been referred to the team relating to a Parish Council matter.
- 2.11. **Regulation of Investigatory Powers Act (RIPA) 2000 and Investigatory Powers Act (IPA) 2016.**
- 2.12. Training sessions will be arranged with staff following the adoption of the Policies at Audit and Standards Committee in April 2021. In addition, a further Policy relating to the use of the internet and social media in investigations and enforcement has been finalised and will be presented to Corporate Management for consideration in due course.

3. CONCLUSION

- 3.1 The Council were fully supportive of the original Counter Fraud Unit project and funding bid and the CFU is now delivering financial results in this area.

4. IMPLICATIONS

4.1 Financial Implications

- 4.1.1 The report details financial savings generated by the Counter Fraud Unit.

Andrew Cummings, Strategic Director of Resources
Email: andrew.cummings@stroud.gov.uk

4.2 Legal Implications

- 4.2.1 There are no legal implications arising from the report and its recommendation.

One Legal
Email: legalservices@onelegal.org.uk

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.