



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 28 APRIL 2022
Report Number	AGENDA ITEM 11
Subject	COUNTER FRAUD AND ENFORCEMENT UNIT REPORT
Wards affected	All indirectly
Accountable member	Cllr Mike Every, Deputy Leader and Cabinet Member for Finance Email: Mike.Every@cotswold.gov.uk
Accountable officer	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit Email: Emma.Cathcart@cotswold.gov.uk
Summary/Purpose	<p>To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided biannually.</p> <p>Work plans are presented to the Committee detailing progress and results for consideration and comment as the body charged with governance in this area.</p> <p>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.</p>
Annexes	Annex A – Work Plans 2021/2022 & 2022/2023
Recommendation(s)	<i>That the Audit Committee notes the report and the work plans at Annex A.</i>
Corporate priorities	Delivering our services to the highest standards.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	<p>Work plans are agreed and reviewed regularly with the Deputy Chief Executive.</p> <p>Any Policies drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by Legal Services and have been issued to the relevant Senior Officers, Management and Governance Officers for</p>



	comment.
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1. BACKGROUND

- 1.1 In administering its responsibilities; this 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 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 and community plans.
- 1.3 The Counter Fraud Partnership, which includes Cotswold District Council was the subject of a recent service review. One of the agreed proposals was that the name of the Unit be changed to the 'Counter Fraud and Enforcement Unit' (CFEU) to better reflect delivery. This will give colleagues, clients and members of the public a clearer indication of the remit of the team.
- 1.4 The Audit 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.
- 1.5 Work plans have been agreed with the Deputy Chief Executive and the Council's Management. The Audit Committee, as the body charged with governance in this area, is presented with a copy of the work plan for information.
- 1.6 Attached at Annex A is a copy of the work plan for 2021/2022 and for 2022/2023.

2. MAIN POINTS

- 2.1 **Counter Fraud and Enforcement Unit Update**
- 2.2 The CFEU has been supporting work streams related to the Business Grant Schemes. Most recently the team assisted with the mandatory pre-payment verification checks for all businesses that applied for the Omicron Hospitality and Leisure Grant and the related Additional Restrictions Grant.
- 2.3 The CFEU are also continuing with the work streams relating to the required Post Payment Assurance Activities directed by the Department for Business, Energy and Industrial Strategy and the Cabinet Office's National Fraud Initiative matches.
- 2.4 The CFEU have reviewed 88 cases of post payment recovery totalling £616,645. Invoices have been raised and of this figure, £350,578 has been recovered and £53,700 credited after a review. £212,367 remains outstanding. Examples of these cases relate to payments made to businesses that were not trading at the appropriate date, where premises were in fact empty or where duplicate payments have been made. The liability for any unrecoverable debt will be transferred to the Department for Business, Energy and Industrial Strategy, and will not rest with the Council.
- 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.

- 204 matches have been received via the Cabinet Office's National Fraud Initiative which has collated and compared business grant data nationwide in relation to the original schemes paid during the first lockdown. These matches have been reviewed by the CFEU: 79 have been processed to date. The matches relating to the grant schemes paid between November 2020 and April 2021 are expected in April 2022.
- The team have received 1322 matches relating to single person discount anomalies. These will be processed shortly.
- 266 matches relating to Council Tax Reduction Scheme and Housing Benefit claims have been received. 200 have been processed to date with 1 referral being made to the Department for Work and Pensions.
- All 82 matches relating to the Housing Waiting List have been reviewed. 74 resulted in no action, 8 recommendations have been made to the Housing Team. Results are pending.

2.6 A review of the Test and Trace Payments is ongoing. 154 payments have been reviewed resulting in 35 cases of recovery totalling £17,500.

2.7 As previously reported, a review of 698 Licensed Premises, as held by the Licensing Team, was compared to the information held on the invoicing system to ensure the correct liable party was being charged. In addition, the rateable value of the premises was also verified to confirm that the correct License charge was being applied. The review resulted in 206 amendments, 60 cases which require further investigation and 154 subscription anomalies. Results are still pending regarding increased Licensing revenue.

2.8 In addition to the work carried under the annual work plan attached at Annex A, 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.

2.9 2021 / 2022:

- The team has received 49 referrals from across the Council and closed 45 cases. This excludes any Council Tax Reduction Scheme referrals.
- The CFEU undertakes the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support) and act as the single point of contact for Department for Work and Pensions (DWP) Housing Benefit investigations. 21 referrals were received and 13 cases were closed. Increased Council Tax revenue of £921 has been raised and a Civil Penalty for £70 has been issued.
- The team undertakes disciplinary investigations for Publica across the partnership. 3 cases were referred and have since been concluded. There was no further action taken in relation to 2 cases and 1 member of staff was dismissed due to gross/serious misconduct.



- The team supports Enforcement Teams across the Council. 3 Fixed Penalty Notices, totalling £600, were issued in relation to environmental crime. 3 Council Tax accounts were reviewed and 1 Civil Penalty issued. This has resulting in £7,210 increased revenue and a total of £70 in fines.
- The team successfully prosecuted two individuals for licensing offences; one for failing to keep records and operating an unlicensed private hire vehicle and the other for acting as and using an unlicensed private hire vehicle. Both defendants were found guilty, each received a £120 Fine and were ordered to pay £400 towards costs.
- The team successfully prosecuted an individual for housing offences. The defendant pleaded guilty to six charges of fraud in relation to housing applications within the Cotswold District. Charges were brought for Cotswold District Council, Bromford, Greensquare, Stonewater and Fortis (all social housing providers). The defendant was fined £692 and ordered to pay costs of £750.
- The team successfully prosecuted an individual for unauthorised work to a listed building. The defendant pleaded guilty, received a Fine of £1,000 and was ordered to pay costs of £500.
- The team successfully prosecuted an individual for unlawful works to trees protected by a Tree Preservation Order. The defendant pleaded guilty and received a Fine of £1,250 and was ordered to pay costs of £1,950.

2.10. Regulation of Investigatory Powers Act 2000 (RIPA) / Investigatory Powers Act 2016

2.11. The Council's policies are based on the legislative requirements of these Acts and the Codes of Practice relating to directed surveillance and the acquisition of communications data.

2.12. The Polices were reviewed and presented to the Audit Committee in November 2019; these were adopted by Cabinet in December 2019.

2.13. The RIPA Surveillance and Covert Human Intelligence Source Policy was recently updated to reflect the new Covert Human Intelligence Sources (Criminal Conduct) Act 2021 which makes provision for those acting as covert agents to commit crime whilst undertaking their duties does not apply to the Council.

2.14. The Use of the Internet and Social Media in Investigations and Enforcement Policy was drafted and presented to Audit Committee in November 2021 and adopted by Cabinet in January 2022.

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 Chief Executive, Robert Weaver and the Authorising Officers are the Deputy Chief Executive, Jenny Poole and the Head of Legal Services, Susan Gargett.

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 CFEU delivered refresher training to all enforcement staff and the Authorising Officers.
- 2.18. There have been no RIPA applications made by the Council during 2021/2022, and no applications for communications data have been submitted. There have been no Non-RIPA applications made during 2021/2022.
- 2.19. 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. FINANCIAL IMPLICATIONS

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

4. LEGAL IMPLICATIONS

- 4.1 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 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.

5. RISK ASSESSMENT

- 5.1 The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds. The CFEU provides assurance in this area.
- 5.2 Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption.
- 5.3 If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.).
- 5.4 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.

6. EQUALITIES IMPACT

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



**7. CLIMATE AND ECOLOGICAL EMERGENCIES
IMPLICATIONS**

7.1 None.

8. ALTERNATIVE OPTIONS

8.1 The Council is the lead authority for the Gloucestershire Counter Fraud Unit. This Unit is working with all of the Gloucestershire Local Authorities, West Oxfordshire District Council and other public sector bodies such as housing associations.

8.2 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.

9. BACKGROUND PAPERS

None