



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 29 SEPTEMBER 2022
Report Number	AGENDA ITEM 13
Subject	COUNTER FRAUD AND ENFORCEMENT UNIT UPDATE REPORT
Wards affected	All indirectly
Accountable member	Cllr Mike Every, Deputy Leader and Cabinet Member for Finance Email: <a href="mailto:Mike.Every@cotswold.gov.uk">Mike.Every@cotswold.gov.uk</a>
Accountable officer	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit Email: <a href="mailto:Emma.Cathcart@cotswold.gov.uk">Emma.Cathcart@cotswold.gov.uk</a>
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>
Annexes	Annex A – Work Plan 2022/2023
Recommendation(s)	<i>That the Audit Committee considers and comments on the report and the work plan 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 comment.</p>



## **1. 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 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 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.
- 1.4** 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.
- 1.5** Attached at Annex A is a copy of the work plan for 2022/2023.

## **2. MAIN POINTS**

### **2.1 Counter Fraud and Enforcement Unit Update**

**2.2** The CFEU continues to support work streams relating to the Post Payment Assurance Activities directed by the Department for Business, Energy and Industrial Strategy and the Cabinet Office's National Fraud Initiative matches.

**2.3** The CFEU have reviewed 316 cases pre and post payment for Cotswold District Council. In relation to pre-payment, the CFEU identified £516,041 of loss prevention in that the grant monies were not paid. Regarding post payment recovery, invoices totalling £856,273 have been raised and of this figure, £384,186 has been recovered and £152,472 credited after review. £319,614 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.

**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.

- 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. 4 errors and 1 fraudulent application have been identified totalling £33,528 and this figure is included at 2.3 above.
- The team have received 1322 matches relating to single person discount anomalies. The matches have been reviewed and enquiry letters will be issued shortly to residents where anomalies have been identified.



- 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.

**2.5** A significant project since 1 April 2022 relates to supporting the Revenues Team with verification activities for the payment of the £150 Energy Rebate. During quarter one, the CFEU received 3,297 cases of which 788 required further checks and information.

**2.6** A review of the Test and Trace Payments is ongoing. Since 1 April 2022, 4 payments have been reviewed resulting in 3 cases of recovery totalling £1,500. Overall, 155 payments which represents 25% of payments made have been reviewed resulting in 40 cases of recovery totalling £20,000.

**2.7** The team are working with ERS in relation to the Private Rental Sector Minimum Energy Efficiency Standards (MEES) Project. As part of a national drive, the Council is working with landlords to ensure their properties comply with these standards. Where landlords continue to fail to meet the minimum standards, they may be subject to a penalty of £5,000 for each breach, enforceable by the Council. The team have assisted with the initial review of 636 properties across the district and the related data held regarding the landlord.

**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** Since 1 April 2022:

- The team has received 14 referrals from across the Council and closed 10 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. 11 referrals were received and 7 cases were closed.
- The team undertakes disciplinary investigations for Publica across the partnership. 5 cases were referred and 3 cases have since been concluded. A Final Written Warning was issued due to gross/serious misconduct.

### **3. FINANCIAL IMPLICATIONS**

**3.1** The report details financial savings generated by the Counter Fraud Unit. To summarise:

- Debt - £319,614 (outstanding Business Grants).
- Additional Income - £20,000 (Test and Trace)
- Loss Avoidance £516,041 (Business Grants)



#### **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.

#### **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.).

#### **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**

- 9.1 None.