



COTSWOLD
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 25 APRIL 2024
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: Mike.Every@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and Chief Finance Officer Email: David.Stanley@cotswold.gov.uk
Report author	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 twice a year. 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 Plan 2023/2024
Recommendation(s)	That the Audit and Governance Committee resolves to: I. Consider the report and work plan at Annex A.
Corporate priorities	<ul style="list-style-type: none">• Deliver the highest standard of service.
Key Decision	No.
Exempt	No.



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<p>Consultees/ Consultation</p>	<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 Governance Group and Corporate Management for comment.</p>
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1. EXECUTIVE SUMMARY

- 1.1 The Audit and Governance 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 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.
- 1.3 Attached at Annex A is a copy of the work plan for 2023/24.
- 1.4 The work plan for 2024/25 is being finalised but will include 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. BACKGROUND

- 2.1 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.
- 2.2 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.

3. MAIN POINTS

- 3.1 **Counter Fraud and Enforcement Unit Update**
- 3.2 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. The CFEU Head of Service has also joined the Thames Valley MAAF Group, representing West Oxfordshire District Council.
- 3.3 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.

- 3.4** In relation to the Business Grant Schemes, as previously reported, the focus now relates to debt; recovery, reconciliation and transfer to the Department for Business and Trade (DBT). This work continues with an extended deadline of 31 December 2024.
- 3.5** In response to the severe flooding events between 2 and 8 January 2024 caused by Storm Henk, a number of grant schemes were activated. The CFEU have been working with residents and businesses effected to allow claims for the following:
- Community Recovery Grants – £500 per household,
 - Business Recovery Grants – £2,500 per business,
 - Council Tax Discounts – 100% discount for a minimum of three months and
 - Business Rate Reliefs – 100% relief for a minimum of three months.
- 3.6** 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 and it’s comparisons across national data sets 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 £49,675 and 53 Civil Penalties, totalling £3,710, being applied.
 - In relation to the 2022/23 data sets, the team received 909 matches, all have been reviewed:
 - 638 matches related to single person discount anomalies. 134 enquiries will be made to residents shortly.
 - 16 matches related to internal data anomalies. 3 conflict of interest / declaration matters were referred to the Business Manager Business Continuity, Governance and Risk. 1 matter resulted in an internal disciplinary.
 - 255 matches relating to Council Tax Reduction Scheme, Housing Benefit and housing applications have been reviewed. 21 recommendations have been issued to the Housing Team; results are pending.
- 3.7** A review of the Housing Waiting List has been completed. This included verification of applications within Emergency Band (35 applications), Gold Band (34 applications) and Silver Band (203 applications). This has resulted in 131 recommendations being referred to the



Housing Team, results are pending. Each cancelled housing application represents a property which can be reallocated to another eligible family. The National Fraud Initiative applies a figure of £4,283 for each application removed, to represent the value of future losses prevented as a result of removing an applicant. This represents a saving on the cost of temporary accommodation. In addition, the result of the band re-prioritisation is that those families who are correctly banded have a greater chance of being housed and housed more speedily.

3.8 In addition to the work carried out 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.

3.9 2023/24:

- The team received 53 referrals from across the Council and closed 65 cases. This excludes any Council Tax Reduction Scheme referrals.
- The CFEU supports Enforcement Teams across the Council
 - Work undertaken with the Revenues Team resulted in the removal of incorrect Council Tax discounts, generating £6,645 in Council Tax revenue.
 - Work undertaken with the ERS Team resulted in a successful prosecution relating to environmental offences. The individual pleaded guilty and received a 12-month conditional discharge and was ordered to pay a £480 Fine and £1,000 costs.
 - Work undertaken with the Heritage Team resulted in 2 successful prosecutions, one for listed buildings offences and the other for destruction of trees in a conservation area. The individuals both pleaded guilty. One was ordered to pay a Fine of £4,224 and the other received a 12-month conditional discharge. Costs of £8,970 were awarded.
- The CFEU undertakes the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support) and acts as the single point of contact for Department for Work and Pensions (DWP) Housing Benefit investigations. 30 referrals were received and 26 cases were closed.
 - Increased Council Tax revenue of £6,820 has been raised.
 - An individual was prosecuted for non-residency. The individual pleaded guilty and received a 1 year custodial sentence suspended for 18 months.

3.10 Work for Publica: The team received 6 referrals relating to disciplinary matters. 3 cases have been closed; results are as follows:



- 1 case relating to falsifying of timesheets – referral was declined.
- 2 cases relating to polygamous working – 1 individual was dismissed for gross misconduct and 1 individual resigned whilst under investigation.
- In addition, the team were asked to investigate a grievance, this matter is also concluded.

3.11 Regulation of Investigatory Powers Act 2000 (RIPA) / Investigatory Powers Act 2016 (IPA)

3.12 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.

3.13 The Policies were reviewed and presented to the Audit and Governance Committee in November 2019; these were adopted by Cabinet in December 2019. The Use of the Internet and Social Media in Investigations and Enforcement Policy, was presented to Audit and Governance Committee in November 2021 and adopted by Cabinet in January 2022.

3.14 The Policies were to be reviewed within the CFEU work plan this year 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.

3.15 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, David Stanley and the Interim Head of Legal Services, Helen Blundell.

3.16 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.

3.17 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.



- 3.18** 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.
- 3.19** In May 2023, the Council was notified of its usual three-yearly inspection by IPCO, regarding its compliance with the legislation. The last inspection took place in August 2020. The inspection was completed by the CFEU remotely and the report confirmed full compliance. The next inspection is due in 2026.
- 3.20** 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.
- 3.21** There have been no RIPA applications made by the Council during 2023/24 and no applications were made for communications data. There have been 5 Non-RIPA applications made during 2023/24 concerning overt activity.
- 3.22** 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.

4. ALTERNATIVE OPTIONS

- 4.1** The Council is the lead authority for the Gloucestershire Counter Fraud and Enforcement 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.
- 4.2** 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 however there are other counter fraud provision options which could be considered if the Council wished to explore alternative arrangements.

5. FINANCIAL IMPLICATIONS

- 5.1** There are no financial implications arising directly from this report. The Council has a duty to prevent fraud and corruption with Section 3 of the report providing members with an update on the work of CFEU and the increased revenue and penalties applied following casework and successful investigations.

6. LEGAL IMPLICATIONS

- 6.1** 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.



6.2 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.

7. RISK ASSESSMENT

7.1 The Council is required proactively to tackle fraudulent activity in relation to the abuse of public funds. The CFEU provides assurance in this area.

7.2 Failure to undertake such activity would accordingly not be compliant and expose the Authority to greater risk of fraud and/or corruption.

7.3 If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

7.4 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.

8. EQUALITIES IMPACT

8.1. 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.

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

9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

9.1 Not applicable.

10. BACKGROUND PAPERS

10.1 None.

(END)