

**Cheltenham Borough Council
Audit Committee – 18 April 2018
Counter Fraud Unit Report and
Regulation of Investigatory Powers Act 2000 (RIPA) Update**

Accountable Member	Cabinet Member Corporate Services, Councillor Roger Whyborn
Accountable Officer	Paul Jones Chief Finance Officer Paul.Jones@cheltenham.gov.uk
Report Author	Emma Cathcart Counter Fraud Manager 01285 623356 Emma.Cathcart@cotswold.gov.uk
Ward(s) affected	All indirectly
Key/Significant Decision	No
Executive summary	<p>The purpose of the report is to provide the Audit Committee with assurance over the counter fraud activities of the Council.</p> <p>Work plans for 2018/2019 are being finalised with the Chief Finance Officer and Senior Leadership Team.</p> <p>The Counter Fraud Unit has now completed the first financial year as a permanent support service and results are presented to the Audit Committee for consideration and comment as the body charged with governance in this area.</p> <p>The Counter Fraud Unit will continue to provide Audit Committee with direct updates biannually.</p> <p>The report also provides the Audit Committee with an update in relation to RIPA and the Council's existing policies and arrangements.</p>
Recommendations	<p>That the Audit Committee:</p> <p style="padding-left: 40px;">a) Notes the report and makes comment as necessary.</p>

Financial implications	<p>The report details financial savings generated by the Counter Fraud Unit.</p> <p>The Counter Fraud Unit financial reconciliation for 2017/2018 indicates a return of funds to the partner Council's which will be confirmed at the meeting. This is due to third party income increases and a delayed start date of staff and subsequent costs within the financial year.</p> <p>Contact Officer: Paul Jones, S151 Officer Paul.Jones@cheltenham.gov.uk</p>
Legal implications	<p>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.</p> <p>The Council is required to ensure that it complies with the Regulation of Investigatory Powers Act 'RIPA' 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.</p> <p>Contact officer: Donna Marks, One Legal Donna.Marks@tewkesbury.gov.uk</p>
HR implications (including learning and organisational development)	<p>Where the Counter Fraud Unit work plan includes employee training sessions, managers will need to release employees to attend.</p> <p>The Counter Fraud Unit will engage with HR with reference to internal investigations and related protocols.</p> <p>Contact officer: Julie McCarthy, HR Manager – Operations & Service Centre julie.mccCarthy@cheltenham.gov.uk 01242 264355</p>
Key risks	<p>If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.</p>
Corporate and community plan Implications	<p>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. 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.</p>
Environmental and climate change implications	<p>N/A</p>
Property/Asset Implications	<p>There are no property implications associated with this report.</p> <p>Contact officer: Dominic Stead, Head of Property Services dominic.stead@cheltenham.gov.uk</p>

1. COUNTER FRAUD UNIT REPORT AND WORK PLANNING 2018/2019

- 1.1.** The Unit is working directly on behalf of all the Gloucestershire Authorities and West Oxfordshire District Council.
- 1.2.** Additionally, the Unit now provides counter fraud support to other public sector bodies; Cheltenham Borough Homes, Gloucester City Homes, Places for People, Bromford Housing and Ubico.
- 1.3.** The Unit has an MOU and is now working with Trading Standards to provide financial investigation expertise to utilise Proceeds of Crime legislation.
- 1.4.** The work plan for 2018/2019 is being developed with focus on the priorities set out in the Home Office UK Anti-Corruption Strategy 2017 – 2022. The team will be concentrating on promoting integrity across the public sector and reducing corruption in public procurement.
- 1.5.** The Unit will continue to add value in areas associated with risk and a copy of the work plan will be provided to Audit Committee when finalised.
- 1.6.** The Counter Fraud Unit provides Audit Committee with direct updates biannually. The Audit Committee is the body which oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to such activity.
- 1.7.** Over the period October 2017 to March 2018, the team have supported the Council in the following areas:
 - Undertaking the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support), National Non-Domestic Rates (Business Rates) and Council Tax liability. There are currently 41 active cases. The team have opened 34 cases and closed 29 cases since 1 October 2017. This has resulted in an amount exceeding £2,600 of recoverable Council Tax Support being calculated and in addition overpayments of Housing Benefit exceeding £16,500. There has been one Caution given, there has been two Penalties administered; fines being £467 (paid in full) and £459 and a HB Civil Penalty has also been imposed. The team have undertaken 6 visits to business premises to undertake enquiries on behalf of the Revenues Team.
 - Proactive work in relation to debt recovery:
 - 17 summonses have been received and 8 have been served in relation to unpaid debt in excess of £30,300.
 - Assistance in relation to the tracing of individuals and enforcement of an unpaid Housing Benefit debt totalling £13,300.
 - Review of the empty residential properties not yet classified as long term – 71 properties were visited generating 21 queried properties. Results pending.
 - Review of the NNDR empty void premises – 371 business premises visited identifying at least 55 were occupied. Results pending.
 - Review of 41 properties listed as Holiday Lets. Results pending.

- Joint working with Enforcement Team and Trading Standards in relation to neighbour complaints re anti-social parking and trading in a residential area. Warning issued by Trading Standards.
- Work with Cheltenham Borough Homes has resulted positive results:
 - The team received in excess of 120 referrals in the period June 2017 to December 2017 relating to allegations of abuse or requests for verification.
 - Right to Buy prevention checks resulted in 1 Suspicious Activity Report, 1 refusal and notice having been served on an applicant for abandonment.
 - Homeless verification work has resulted in 2 abandonment investigations: notice was being served on 1 and an application was withdrawn after a formal interview.
 - Recent prosecution of an individual in relation to a fraudulent homelessness and housing application. He received a £233 fine and was ordered to pay £250 costs.
 - The robust checks being supported by the Unit have resulted in a significant reduction in the number of individuals on the housing waiting list.

2. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) / INVESTIGATORY POWERS ACT 2016

- 2.1.** The Council's own RIPA Policies are based on the requirements of The Regulation of Investigatory Powers Act 2000 (RIPA) and the Codes of Practice relating to directed surveillance and the acquisition of communications data.
- 2.2.** The Policies are currently out for review and consultation following the introduction of the Investigatory Powers Act 2016 and related 2018 Codes of Practice and will be presented to Audit Committee for review and approval as soon as the consultation and redrafting has been completed.
- 2.3.** The arrangements relating to officers involved in the authorisation of the RIPA process remains the same. The Senior Responsible Officer is the Chief Executive and Head of Paid Service, Pat Pratley and the Authorising Officers are the Director of Place and Economic Development, Tim Atkins and the Director of Environment, Mike Redman. The Investigatory Powers Office has been updated for their records.
- 2.4.** The new RIPA Social Media Policy has been drafted and is now undergoing consultation across the organisation and the wider Counter Fraud Unit partnership.
- 2.5.** The Council takes responsibility for ensuring its RIPA procedures are continuously improved and asks that any Officers with suggestions contact the RIPA Coordinator, Emma Cathcart, in the first instance. If any of the Home Office Codes of Practice change, the appropriate guide will be updated, and the amended version placed on the internet / published accordingly. Regular training sessions will also be provided to ensure that staff members are fully conversant with the Act.
- 2.6.** There have been no RIPA applications made by the Council during 2017/2018. There has been 1 Non-RIPA application made by the Licensing Service.

Appendices	1. Risk Assessment
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Risk Assessment

Appendix 1

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1	The authority suffers material loss and reputational damage due to fraud	Chief Finance Officer	December 2014	3	3	9	Reduce	Maintain a Counter Fraud Team to reduce the likelihood of the risk materialising and also to help recover losses, thus reducing the impact.	Ongoing	Chief Finance Officer	
2	Without dedicated specialist staff in place, the Council may be unable to take effective and efficient measures to counter fraud, potentially resulting in authority suffering material losses due to fraud and error	Chief Finance Officer	September 2016	3	4	12		Retain a specialist Counter Fraud Unit to tackle the misuse of public funds on behalf of the Council.	Ongoing	Chief Financial Officer	
<p>Explanatory notes</p> <p>Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											