

# Cheltenham Borough Council

## Audit, Compliance and Governance Committee

26 September 2023

### Counter Fraud and Enforcement Unit Report

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**Accountable member:**

Cabinet Member Finance and Assets, Councillor Peter Jeffries

**Accountable officer:**

Paul Jones, Executive Director Finance and Assets

**Ward(s) affected:**

All indirectly

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**Key Decision:** No

**Executive summary:**

The purpose of the report is to provide the Audit, Compliance and Governance Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided biannually.

Work plans are presented detailing progress and results for consideration and comment as the body charged with governance in this area.

**Recommendations:**

**That the Audit, Compliance and Governance Committee:**

**Considers the report and work plan at Appendix 2 and makes comment as necessary.**

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## 1. Implications

### 1.1. Financial, Property and Asset implications

The report details financial savings generated by the Counter Fraud and Enforcement Unit.

**Signed off by:** Gemma Bell, Head of Finance and Assets (Deputy S151 Officer),  
[Gemma.Bell@cheltenham.gov.uk](mailto:Gemma.Bell@cheltenham.gov.uk)

### 1.2. Legal implications

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.

The Authority is 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.

**Signed off by:** One Legal, [legalservices@onelegal.org](mailto:legalservices@onelegal.org)

### 1.3. Environmental and climate change implications

Not applicable.

### 1.4. Corporate Plan Priorities

This report contributes to the following Corporate Plan Priorities:

- Being a more modern, efficient and financially sustainable council

### 1.5. Equality, Diversity and Inclusion Implications

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.

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## 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 a 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 priorities and community plans.
- 2.3. The Audit, Compliance 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.

- 2.4. Work plans have been agreed with the Head of Finance and Assets. The Committee, as the body charged with governance in this area, is presented with a copy of the work plan for information.
- 2.5. Attached at Appendix 2 is a copy of the work plan for 2023/2024.

### **3. Reasons for recommendations**

#### **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 across the County.
- 3.3. The CFEU will be working with colleagues within Trading Standards and the Police to establish an effective communication strategy to provide relevant information to members of the public relating to seasonal scams and ways to avoid them. Awareness sessions have been held for Members and all staff.
- 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). Updated figures confirm that invoices totalling £96,098 were raised; £59,764 has been recovered and returned to DBT. £36,334 has not been repaid and liability for the recovery of this has been transferred to DBT.
- 3.5. Assurance work has been completed in relation to the Test and Trace payments made on behalf of the Department for Health and Social Care. 50 payments representing 10% of all successful applications for the mandatory scheme have been reviewed. This has resulted in 47 cases having been closed no further action and 3 cases of recovery totalling £1,500.
- 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 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.
  - The team have reviewed the 979 Council Tax Single Person Discount matches relating to the 2022/2023 data sets. 122 enquiry letters have been issued to residents requesting further information.
  - 484 further matches have been received relating to Council Tax Reduction Scheme, Housing Benefit, tenancy, housing applications and internal data anomalies. These will be reviewed in due course and results will be reported to Audit, Compliance and Governance Committee.
- 3.7. In addition to the review of single person discount anomalies identified by the NFI exercise, the CFEU and the Revenues Team are undertaking additional proactive work to review those

households with a discount applied. Since 1 April 2023, 1913 individual households have been contacted by email to confirm occupation details.

- 3.8. The review of the Housing Waiting List has been completed. This included verification of applications within Emergency Band (49 applications), Gold Band (59 applications) and Silver Band (521 applications). This resulted in 159 recommendations being referred to the Housing Team. 30 applications were removed and 8 applications were downgraded representing a figure of £128,940 in loss avoidance. 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.
- 3.9. In addition to the work carried out under the annual work plan attached at Appendix 2, as a dedicated investigatory support service, the CFEU undertakes a wide range of enforcement 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.
- 3.10. During Quarter 1 of 2023/2024:
- The team received 16 referrals from across the Council and closed 17 cases. This excludes any Council Tax Reduction Scheme referrals.
  - Work undertaken with the Public Protection Team resulted in the successful prosecution of an individual for offences relating to the Protection from Eviction Act 1977. The individual was found guilty at trial, received a Fine for £210, and was ordered to pay £7,540.60 in costs.
  - 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. 8 referrals were received and 8 cases were closed.
  - Increased Council Tax revenue of £9,150 has been raised. 2 Criminal Penalties and 1 Civil Penalty totalling £1,174 were applied.
- 3.11. During Quarter 1 of 2023/2024, work with Cheltenham Borough Homes:
- 54 referrals received requesting checks for homelessness, right to buy, succession or housing applications. In relation to right to buy applications, additional checks have been introduced to ensure that any resultant benefit issues are addressed.
  - 1 referral has been received relating to housing and tenancy fraud such as abandonment, illegal succession, subletting, false housing applications, right to buy fraud.
  - 4 cases have been received for debt tracing.
- 3.12. The Fraud Advisory Panel, Charity Commission, Tenancy Fraud Forum and others have produced a new method using a standard formula to arrive at an average national cost to the taxpayer per detected tenancy fraud of £42,000.

#### **4. Alternative options considered**

4.1. None.

#### **5. Consultation and feedback**

5.1. Any Policies drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by One Legal and have been issued to the relevant Senior Officers, Governance Group and Executive Leadership Team for comment.

#### **6. Key risks**

6.1. The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds.

6.2. 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.

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#### **Report author:**

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#### **Appendices:**

- a. Risk Assessment
- b. Work Plan 2023/2024

#### **Background information:**

N/A.

## Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
1	The authority suffers material loss and reputational damage due to fraud	Executive Director Finance and Assets	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.	Head of Service, Counter Fraud and Enforcement Unit	Ongoing
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	Executive Director Finance and Assets	3	4	12	Reduce	Retain a specialist Counter Fraud Unit to tackle the misuse of public funds on behalf of the Council.	Head of Service, Counter Fraud and Enforcement Unit	Ongoing