



WEST OXFORDSHIRE
DISTRICT COUNCIL

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Name and date of Committee	Audit and General Purposes Committee: Thursday 21 April 2022
Report Number	Agenda Item No. 6
Subject	Counter Fraud and Enforcement Unit Report
Wards affected	All indirectly
Accountable member	Councillor Suzi Coul, Cabinet Member for Finance Email: Suzi.Coul@westoxon.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. 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	That the Committee notes the report and work plans at Annex A.
Corporate priorities	<p>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.</p> <p>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.</p>
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 Governance Group and Corporate Management for comment.</p>

I. BACKGROUND

- 1.1. The Counter Fraud Partnership, which includes West Oxfordshire 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.
- 1.2. The Audit and General Purposes 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.
- 1.3. Work plans have been agreed with the Deputy Chief Executive and the Council's Management. The Audit and General Purposes Committee, as the body charged with governance in this area, is presented with a copy of the work plan for information.
- 1.4. 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 52 cases of post payment recovery totalling £356,434. Invoices have been raised and of this figure, £203,233 has been recovered and £11,050 credited after a review. £142,151 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.
- 2.5. 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.
 - 41 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: 36 required no further action and 5 cases are pending further enquiries. The matches relating to the grant schemes paid between November 2020 and April 2021 are expected in April 2022.
 - The team have reviewed 1,004 matches relating to single person discount anomalies. 165 accounts have been identified as requiring further enquiries. 1,045 additional matches relating to this year's data upload have now been received and the team have commenced the review.
 - The team have received 201 matches relating to the Council Tax Reduction Scheme and Housing Benefit claims. 180 matches have been reviewed so far, with 2 referrals having been made to the Department for Work and Pensions.

- 2.6. A review of the Housing Waiting List has commenced.
- This included verification of applications within Emergency Band (39 applications) and Gold Band (84 applications). This resulted in 41 recommendations being referred to the Housing Team. 4 Emergency Band applications have been removed, Gold Band application results are pending. The review of the Silver Band applications is scheduled to commence shortly.
 - Whilst undertaking the review of the Housing List, the CFEU also processed the related National Fraud Initiative matches (161 matches) which resulted in the removal of 59 applications.
 - Each cancelled housing application represents a property which can be reallocated to another eligible family. The National Fraud Initiative applies a figure of £3,240 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. The loss avoidance figure for this area of work so far is £204,120.
- 2.7. A review of the Track and Trace Payments is ongoing. 174 payments have been reviewed resulting in 46 cases of recovery totalling £23,000.
- 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 received 45 referrals from across the Council and closed 39 cases. This excludes any Council Tax Reduction Scheme referrals.
 - The team supports Enforcement Teams across the Council. 2 Fixed Penalty Notices, totalling £400, were issued in relation to environmental crime. 6 Council Tax accounts were reviewed and 3 Civil Penalties issued. This has resulting in £11,050 increased revenue and a total of £210 in fines.
 - The CFEU undertakes Member Code of Conduct Investigations and found that there had been a breach relating to a Town Council matter. A Standards Panel is due to be convened.
 - 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. 32 referrals were received and 21 cases were closed. Increased Council Tax revenue of £13,081 has been raised. 2 Civil Penalties totalling £140 have 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.

- 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 Policies were reviewed and presented to the Audit and General Purposes 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 and General Purposes Committee in September 2021 and adopted by Cabinet in November 2021.
- 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, Giles Hughes and the Authorising Officers are the Deputy Chief Executive, Elizabeth Griffiths 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 has been 1 Non-RIPA application made during 2021/2022 which relates to overt activity.
- 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 and Enforcement 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 proactively to 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. ALTERNATIVE OPTIONS

- 7.1. This Unit is working with all Gloucestershire Local Authorities, West Oxfordshire District Council and other public sector bodies such as housing associations.
- 7.2. 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.

8. BACKGROUND PAPERS

- 8.1. None.

Annex A: West Oxfordshire District Council Work Plan 2021/2022

Area of Work	Task
Governance	Delivery of two reports for Audit & General Purposes Committee
Governance	Fighting Fraud & Corruption Locally - Checklist Compliance
Governance	Government Functional Standard 013: Counter Fraud - Compliance
Policy	Counter Fraud and Anti-Corruption Policy
Policy	Corporate Enforcement Policy
Policy	Council Tax, Council Tax Reduction Scheme & Housing Benefit Penalty and Prosecution Policy
Policy	Proceeds of Crime & Anti-Money Laundering Policy
Policy	Whistle-Blowing Policy
Policy	Regulation of Investigatory Powers Act 2000 (Surveillance & Covert Human Intelligence Sources)
Policy	Investigatory Powers Act 2016 (Acquisition of Communications Data)
Policy	Use of the Internet and Social Media in Investigations and Enforcement
Bribery and Corruption	Assessment Template Review
Bribery and Corruption	Policy and Procedure: Staff Declarations of Interest / Conflicts of Interest
Bribery and Corruption	Review of the Gifts and Hospitality Policy and Procedure
Serious and Organised Crime	Checklist Review
Serious and Organised Crime	Proactive Fraud Drive - transient / cash businesses
Statutory / Regulatory	Collation and Publication of Fraud Transparency Data
Statutory / Regulatory	RIPA / IPA - Annual Report to Members / Advisory / Inspection Single Point of Contact
Strategy : Detection	Housing Waiting List review
Strategy : Detection	National Fraud Initiative Match Reviews - Revenues / Benefits / Housing

Area of Work	Task
Strategy : Detection	Holiday / Airbnb Review
Strategy : Detection	SMI Review (sample 20)
Strategy : Detection	Procurement - Supplier Payment Review
Strategy : Detection	Charity Shop Exemption Review
Strategy : Detection	Track and Trace - Assurance and Enforcement Activities
Strategy : Detection	Business Grants - Assurance and Enforcement Activities
Strategy : Prevention	Development / Review of Fraud Response Plan
Strategy : Prevention	Development of Fraud Awareness Literature (staff)
Strategy : Prevention	Development of Right to Buy Debt Recovery Process
Strategy : Prevention	Development of Service Specific Fraud Risk Register
Strategy : Prevention	Training Members / Staff - Fraud Awareness / RIPA & IPA / CPIA, PACE, Disclosure Training
Strategy : Prevention	Review of HR Recruitment and Vetting Policy and Procedures

RIPA = Regulation of Investigatory Powers Act 2000

IPA = Investigatory Powers Act 2016

CPIA = Criminal Procedure and Investigations Act 1996

PACE = Police and Criminal Evidence Act 1984

Annex A: West Oxfordshire District Council Work Plan 2022/2023

Area of Work	Task
Bribery and Corruption	Assessment Template Review
Bribery and Corruption	Gifts and Hospitality Policy and Procedure Rollout / Awareness
Governance	Delivery of two reports for Audit / and Risk / and General Purposes Committee
Governance	Fighting Fraud & Corruption Locally - Checklist Compliance
Governance	Government Functional Standard 013: Counter Fraud - Compliance
Governance	Development of Service Specific Fraud Risk Register (High Risk Service Areas - TBC)
Governance	Development / Review of Fraud Risk Strategy / Response Plan
Policy	Counter Fraud and Anti-Corruption Policy
Policy	Corporate Enforcement Policy
Policy	CTAX, CTRS & HB Penalty and Prosecution Policy
Policy	Proceeds of Crime & Anti-Money Laundering Policy
Policy	Whistle-Blowing Policy
Policy	RIPA (Surveillance & CHIS)
Policy	IPA (Acquisition of Communications Data)
Policy	Use of the Internet and Social Media in Investigations and Enforcement
Procedure	Development and roll out of Proceeds of Crime and Anti-Money Laundering Procedure
Procedure	Development and roll out of Use of the Internet and Social Media in Investigations and Enforcement Procedure
Serious and Organised Crime	Checklist Review
Serious and Organised Crime	Proactive Fraud Drive - transient / cash businesses
Statutory / Regulatory	Collation and Publication of Fraud Transparency Data

Area of Work	Task
Statutory / Regulatory	RIPA / IPA - Annual Report to Members / Advisory / Inspection SPoC
Strategy : Detection	Housing Waiting List review
Strategy : Detection	National Fraud Initiative Match Reviews - Revenues / Benefits / Housing
Strategy : Detection	Business Rates Review Self Catering Accommodation - Assurance and Enforcement Activities
Strategy : Detection	SMI Review (sample 20)
Strategy : Detection	Procurement - Supplier Payment Review
Strategy : Detection	Council Tax £150 Rebate - Assurance and Enforcement Activities
Strategy : Detection	Test and Trace - Assurance and Enforcement Activities
Strategy : Detection	Business Grants - Assurance and Enforcement Activities
Strategy : Prevention	Development of Fraud Awareness Literature (staff)
Strategy : Prevention	Development of Right to Buy Debt Recovery Process
Strategy : Prevention	Training Members / Staff - Fraud Awareness / RIPA & IPA / CPIA, PACE, Disclosure Training
Strategy : Prevention	Private Rental Sector Minimum Energy Efficiency Standard (MEES) Compliance and Enforcement

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