

Cherwell District Council

Accounts, Audit and Risk Committee

21 January 2021

Progress of Counter Fraud Service

Report of the Senior Investigation Officer – Corporate Fraud Team

This report is public

Purpose of report

The report provides an overview of the current progress of the Authority's counter fraud response following the delegation of authority in July 2018 to Oxford City Council.

1.0 Recommendations

The Audit Committee is recommended to:

- 1.1 Review and note the current performance of the Corporate Fraud team
- 1.2 Consider future work plans as described and the impact that this will have on future performance and income to the authority.

2.0 Introduction

- 2.1 The Authority's counter-fraud function is set out in the anti-fraud and anti-corruption policy, as well as the Fraud Response Plan and the Whistleblowing Policy.
- 2.2 In July 2018 the Council delegated the counter fraud investigation function to Oxford City Council under Section 101 of the Local Government Act 1972. The function was intended to maintain the counter fraud resource following recruitment and staffing issues under previous arrangements.
- 2.3 The length of the contract for provision of the service was 2 years to July 2020 with an option to extend. The contract has now been extended to April 2021.
- 2.4 The aim of this report is to provide members with an overview of the changes to working practice, the results achieved to date under current arrangements, and detail regarding work in progress.

3.0 Report Details

- 3.1 Oxford Investigation Service' (OIS), the Counter Fraud team at Oxford City Council, utilises an 'intelligence led' investigation model which has proven to be highly

effective. The team providing the counter-fraud function consists of a Senior Investigation Officer, an Investigation Officer and an Intelligence Officer. All are professionally accredited officers with a great deal of proven experience in counter-fraud.

- 3.2 The team was given a fully corporate investigative remit which allows the use of a wide range of legal powers. This facilitates a capability to detect, prevent and disrupt criminal behaviour and activity in connection with Council services.

Results

- 3.3 Between 01 April 2020 and the 07 January 2021, the corporate fraud team has achieved the following results:

Cumulative Savings to date

Type	Fraud Loss Avoidance*	Income Generated
Directly Attributable Savings	£96,813.88	£5,445.56
Indirectly Attributable Savings	£10,235.68	£13,710.13
Totals	£107,049.56	£19,155.69

- 3.4 There are currently 15 live cases in CDC at various stages of investigation.
- 3.5 There are no outstanding prosecution cases within CDC at this time.
- 3.6 Joint working with the Department for Work and Pensions (DWP) Counter-Fraud Team had been suspended as all the DWP Fraud Team had been redeployed onto Universal Credit work. The UC work has decreased and DWP staff are gradually beginning to work joint cases. It is anticipated that this work will increase as referrals begin to increase. The team has had contact with DWP from Oxford and they are looking towards gradually reintroducing joint working. The joint working will be reintroduced over a period of time.
- 3.7 Regular liaison meetings are held with DWP and other LA's where the latest policy changes and problem cases are discussed. The Senior Investigation Officer (SIO) attends these meetings on behalf of CDC. There have been no meetings of this group due to the Corvid 19 crisis. DWP at Oxford have asked for Joint Working to be reintroduced and they are also looking at the possibility of reintroducing these meetings.
- 3.8 The SIO sits on the National Executive Board of the Tenancy Fraud Forum (TFF) and is also chair of the Thames Valley Tenancy Fraud Forum (TVTFF). This involves attending meetings on a quarterly basis to both forums. Both organisations provide counter fraud advice and support to Local Authorities and Social Housing Providers. The SIO attended the last National Executive Board meeting on 12 February 2020. The last executive meeting was completed through video conferencing on 22 Oct 2020. The next meeting of the group will be late January early February 2021.

4.0 Work in Progress

- 4.1 Training was provided for the Entitlements Team at the beginning of August. The team are exploring the options for providing training to staff and what platform to use.
- 4.2 Work on the National Fraud Initiative Exercise for 2020/21 has been ongoing with the uploads of the data being progressed. The upload was completed in December 2020 with the matches becoming available in February 2021. When the matches are made available the majority of the Fraud Teams work will be filtering the results. Datasets for the Covid Grant payments will also be uploaded in January 21 with the results of that being available in March 21.
- 4.3 Cyber criminals continue to target organisations and individuals using the numerous grant schemes that have been introduced by the government. These attacks are varied and normally mimics the organisations processes to lessen suspicion. As these attacks are identified other organisations such as NAFN issues alerts which are passed onto staff to be alert to the latest scams.
- 4.4 The Corporate Fraud Team have been involved in building the process for the distribution of grant payments to businesses in the District. This involved several meetings with stakeholders to build a process that was robust to prevent fraud but ensured that the local businesses got the help they needed quickly.
- 4.5 The Fraud Team have been involved in the Grants payments to local businesses. They have helped build a due diligence process that has ensured that the payments go to the right businesses. The team has had to review fourteen applications where there may have been concerns that they were fraudulent. Eventually five of these applications were considered to be suspicious enough that an Interview under Caution was the outcome. Four of these interviews have taken place and the evidence has been reviewed. Following this review four companies received warning letters, the fifth case has been referred to the legal department to see if there is enough evidence to prosecute the offender. Of the 14 cases eight of them have been refused a grant for numerous reasons and this has resulted in a prevention of £80,000 being paid out to either ineligible businesses or fraudulent applications.
- 4.6 The Fraud Team have been heavily involved in the setting up and reviewing of payments made to individuals through the Test and Trace Payments Scheme. Any suspected fraudulent applications are referred to the team to complete checks and take appropriate action.
- 4.7 The Fraud Team have also been involved in the process in preparation for payments through the Local Lockdown Grants Scheme. Since a national lockdown has been imposed this preparation work will mean the scheme should be able to be implemented quickly and help given to local businesses.

5.0 Conclusion and Reasons for Recommendations

- 5.1 The delivery of the Counter Fraud response has been impacted by Covid, most noticeably in the ability to progress joint investigations with DWP, and undertaking interviews under caution; however, this is now changing and cases are being progressed once again. The administration of business grants has been a new

fraud risk area of activity during recent months. The strong collaboration between CSN, Finance, Internal Audit and Counter Fraud Teams has seen robust systems and processes adopted, that has managed the risk of fraud effectively.

6.0 Consultation

6.1 Not applicable.

7.0 Alternative Options and Reasons for Rejection

7.1 This report is for noting progress and performance only. Therefore, no alternative options are presented for consideration.

8.0 Implications

Financial and Resource Implication

8.1 The cost to Cherwell District Council for the provision of Counter Fraud services is within the existing budget. The contract runs until April 21 when a new service will begin.

8.2 In addition to cashable savings, having a robust counter fraud strategy which includes a dedicated investigation team has additional benefits. These include preventing additional financial and reputational loss alongside other advantages such as advice, guidance and public assurance that the authority is actively working to tackle fraud in the district.

Comments checked by:

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Legal Implications

8.3 There are no legal implications arising directly from this report.

Comments checked by:

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Risk Implications

8.4 There are no risk management issues arising directly from this report.

Comments checked by:

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9.0 Decision Information

Key Decision: N/A

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All corporate plan themes.

Lead Councillor

Councillor Tony Illott – Lead Member for Financial Management and Governance

Background papers

None

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