

Cherwell District Council

Accounts Audit and Risk Committee

15 November 2023

Update on Counter Fraud Annual Plan 2023/24

Report of the Assistant Director of Finance and S151 Officer

This report is public

Purpose of report

This report presents a summary of activity against the Annual Plan for the Counter-Fraud service at CDC for 2023/24, which was previously presented to the Accounts, Audit & Risk July 2023 committee. The Plan supports the Council's Anti-Fraud and Corruption Strategy by ensuring that the Council has in place proportionate and effective resources and controls to prevent and detect fraud as well as investigate those matters that do arise.

1.0 Recommendations

The meeting is recommended to:

- 1.1 Comment and note the summary of activity against the Annual Counter Fraud Plan for 2023/24.

2.0 Introduction

- 2.1 The Counter-Fraud team's purpose is to adhere and to promote the zero-tolerance approach to fraud detailed in the Council's Fraud Strategy, by thoroughly investigating any instances of fraud; applying the appropriate sanctions; undertaking proactive and preventive work to prevent and detect fraud through training, awareness raising, data matching and proactive reviews.

3.0 Report Details

Counter-Fraud Service & Resources Update

- 3.1 There have been no further changes to the Counter Fraud team / resources since the last update to the July 2023 Accounts, Audit & Risk Committee meeting.
- 3.2 The Counter Fraud team continue to meet regularly with the Department for Work and Pensions (DWP) and are undertaking joint investigations with them.
- 3.3 Regular meetings are being held with the Revenues & Benefits Team Manager to discuss new and ongoing cases and investigations.

Case figures as of October 2023:

Indicator	Value
Number of new cases received April – October 2023	26 (of which 12 have been closed)
Current open cases as of October 2023	32 cases currently open (14 from 2023/24, 16 from 2022/23, 2 from 2021/22)
With the Police	There are currently no cases with the Police
2023/24 Cases by type	SPD: 14 CTS: 5 CTS & SPD: 2 Council Tax Exemption: 2 Housing Abandonment: 1 Business Rates: 2
YTD New Cases by referral source	Other Local Authority: 1 Anonymous: 16 Member of Public: 2 Employee / Internal Control: 6 Government Agency: 1

Outcomes for Year 2023/24 (as at start of October 2023)

Type of Outcome	Value
Investigations	<p>5 Single Person Discounts have been removed following investigations by the team. £2,326 is estimated to have been lost and £1,685 is in recovery by Revenues and Benefits. There is an ongoing benefit to the public sector of £2,501 per annum from these cases.</p> <ul style="list-style-type: none"> The team continue to maintain regular communication with the DWP and are improving case processes where DWP input is required for the investigation of alleged Council Tax Support (CTS) fraud. 4 joint investigations with DWP are in progress. A further 8 are awaiting further progression and being monitored. The team may be monitoring the cases either because a request for joint working has been sent but not yet responded to or it is a case type that the DWP are not currently dealing with. A referral may have been passed internally to their 'Compliance' section

	<p>and we will continue to monitor its progress as the outcome may affect a CDC benefit or discount. In some instances, the DWP will investigate a case without input from us, but we will actively monitor whether any benefit claims have changed on Academy</p> <p>Collaboration between Counter-Fraud and Revenues & Benefits continues to be effective, with the last joint review of fraud cases taking place in September 2023. A number of investigations involving undeclared business premises and properties for business rates and council tax are in the early stages.</p> <p>The team also continues to develop joint working with other internal teams. There has been information sharing and new referrals received from Licencing, Housing and Enforcement Planning.</p>
Investigation totals to date (2023/24 cases)	<p>SPD: Estimated Loss: £2,326 Amount in Recovery: £1,685 Future annual loss prevented: £2,501</p>
National Fraud Initiative Exercise - recovery and savings figures	<p>45 reports and 761 matches were released in February 2023 and the review is almost complete. £15,173 is being recovered and £74,291 is estimated to have been saved (using the NFI's estimated savings calculation) from the following eight reports:</p> <p>93. Housing Benefit (HB) Claimants to Waiting List: £10,053 being recovered; £4,548 saved (ending and backdating of 1 HB claim)</p> <p>231 & 233. Waiting List to Housing Tenants: £8,566 saved (2 applicants removed from waiting list)</p> <p>240 & 241. Waiting List to HB Claimants: £25,698 saved (6 applicants removed from waiting list)</p> <p>257. Waiting List to Waiting List: £12,849 saved (3 applicants removed from waiting list)</p> <p>261. Waiting List to DWP Deceased: £21,415 saved (5 applicants removed from waiting list)</p>

	<p>436.1 Council Tax Reduction Scheme to Pensions: £5,120 being recovered; £1,215.72 saved (3 CTS claims updated)</p> <p>Further details of the progress of the exercise are in Section 7 (below).</p>
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Update against the Counter-Fraud Plan 2023/24

3.4 The 2023/24 Plan, previously presented to the July 2023 meeting of the Accounts, Audit & Risk Committee, is structured around the 5 pillars of anti-fraud activity in the Local Government Counter Fraud and Corruption Strategy – Fighting Fraud and Corruption Locally:

Objective	Actions	Timescale	Nov 2023 update
<p>Govern: Have robust arrangements in place to ensure counter-fraud, bribery and corruption measures are embedded throughout the organisation.</p>	<p>1) Deliver awareness training sessions to a range of staff and members to include knowledge of fraud risks, their role in prevention activity and process to refer suspicions.</p> <p>2) Provide the Accounts, Audit & Risk Committee with reports during the year about the arrangements in place to protect the council against fraud and the effectiveness of these.</p> <p>3) Review the council's anti-fraud strategy and identify areas for development by reference to the Fighting Fraud and Corruption Locally strategy.</p>	<p>1) Ongoing.</p> <p>2) July, November & March.</p> <p>3) End of quarter 3.</p>	<p>1) Training to Revenues & Benefits and AARC members has been delivered. A training programme for the remainder of the year is to be determined.</p> <p>2) Provided as per the Counter-Fraud plan.</p> <p>3) An updated anti-fraud strategy will be reported to members in March 2024.</p>
<p>Acknowledge: Understand fraud risk and maintain a robust anti-fraud response.</p>	<p>1) Undertake an assessment of the council's overall response to fraud and identify any areas for improvement.</p> <p>2) Continue development of Council's fraud risk register.</p>	<p>1) End of quarter 3.</p> <p>2) End of quarter 3.</p>	<p>1) Currently being incorporated into the review of the Anti-Fraud & Corruption Strategy.</p> <p>2) Work is currently being undertaken to update and develop the Council's fraud risk register. It is being reviewed and updated</p>

			including a comparison with other LA's in order to ensure best practice.
Prevent: Prevent and detect fraud taking place against the organisation, using proactive work and data analysis.	<ul style="list-style-type: none"> 1) Fraud alerts to be provided to service areas as necessary. 2) Delivery of the NFI 2022/2023 exercise. 3) To enhance data analytic capability in order to identify potential areas of proactive work. 	<ul style="list-style-type: none"> 1) Ongoing. 2) End of quarter 3. 3) Ongoing. 	<ul style="list-style-type: none"> 1) Alerts have been provided to relevant service areas as required. 2) All matches have been reviewed. Awaiting further releases from HMRC. 3) A review of potential areas for proactive work is ongoing.
Pursue: Carry out fraud investigations, apply sanctions to offenders and recover losses.	<ul style="list-style-type: none"> 1) Conduct investigations into suspected fraud and malpractice. 2) Continue to work with the Department for Work and Pensions (DWP) Fraud and Compliance teams to counter Council Tax Reduction Scheme (CTRS) fraud. 3) To carry out a risk assessed review of the NFI CT single person discount exercise. 	<ul style="list-style-type: none"> 1) Ongoing. 2) Ongoing. 3) End of quarter 4. 	<ul style="list-style-type: none"> 1) This is ongoing. 32 cases are currently open. 2) This is ongoing. 4 joint investigations with DWP for CTRS fraud are in progress. 3) Ongoing.
Protect: Recognising the harm that fraud can cause in the community.	<ul style="list-style-type: none"> 1) Review and share fraud trends and new threats with relevant service areas. 2) Respond to information requests from the Police, other Local Authorities and investigation bodies such as HMRC. 3) Continue to foster relations with other CDC teams such as Licencing. 	<ul style="list-style-type: none"> 1) Ongoing. 2) Ongoing. 3) Ongoing. 	<ul style="list-style-type: none"> 1) Ongoing. 2) Ongoing. 3) Ongoing.

Other updates / Cases to note:

3.5 Checks made have identified an electoral roll registration without a corresponding council tax account. The Counter Fraud Team has carried out a site visit and identified what appears to be a residential dwelling. Further checks undertaken have identified the possibility that as well as an undeclared residential building, outbuildings have been modified for business purposes, without any registration for business rates. A liaison meeting to discuss the case has taken place with the

Revenue and Benefits team and investigations are continuing, including review of controls in place for the identification of residential dwellings for council tax purposes.

- 3.6 In a similar case, checks made into one business for potentially undeclared business rates has highlighted other businesses potentially unregistered at the same address. Again, a case discussion has been held with the Revenue and Benefits Team and investigations are ongoing. The aim in all of these cases is to get any identified business registered for business rates and residential dwellings registered for council tax. Evidence will be gathered to allow registrations to be backdated if necessary.

National Fraud Initiative – full update

- 3.7 The National Fraud Initiative (NFI) reports from the 2022/23 bi-annual data matching exercise were released in February 2023 and the review is almost complete. There was a total of 761 matches and 45 reports.

- 3.8 9 reports (339 matches) were related to potential duplicate payments to creditors, or duplicate creditor records. All 9 reports were reviewed collaboratively by officers from the Finance Team and Counter Fraud, with 8 reports reviewed in full and a sample of 63 matches reviewed in the 9th report. There were nil duplicate creditor payments found and nil VAT overpayments found, which highlighted strong controls in place within Finance. 1 dormant duplicate creditor record was removed from the system as a preventative measure.

- 3.9 All matches related to housing have been processed and closed. A total of 16 housing applications were removed from the waiting list, generating a total estimated saving of £68,528 (based on the NFI's calculation that £4,283 will be saved per housing application removed). A breakdown is as follows:

- 5 housing applications were removed where the 'Waiting List to DWP Deceased' report identified that the applicants had passed away but still had active housing applications.
- 3 housing applications were removed because they were receiving Housing Benefit (HB) at a new address within the district and had failed to inform housing that they had moved.
- 8 housing applications were removed following the sharing of information between the Counter-Fraud Team and another council. All 8 were removed because it was identified they had moved to a new address without informing the housing team. 3 were receiving HB at a new address out of area; 2 had started new social housing tenancies out of area; and 3 had applied for housing with another council from a new address.

- 3.10 20 reports (286 matches) related to Council Tax Support (CTS) or HB claims. All matches have been processed. Only 1 match remains open and is currently under review. A breakdown is as follows:

- 1 match in 'Housing Benefit Claimants to Waiting List' generated an overpayment of £10,053.96 of Housing Benefit and an estimated future saving of £4,548. Information sharing with another council helped to identify that the claimant had moved out of area, as they had applied for housing at their new address.

- 3 occupational pensions were found to have been undeclared for the customers' Council Tax Support claims. Both claims were updated with a total recovery of £5,120 and estimated future saving of £1,215.

- 3.11 All other matches in the exercise have been closed and cleared of fraud and error. This is because the information was either already known to the council, was not considered to be an issue, or was referred to the DWP (in the case of passported CTS & HB claims). There were no issues found relating to the council's payroll or conflicts of interest.
- 3.12 The NFI announced in October that matches between CTS/HB claims and HMRC data are soon to be released. These reports generated a financial outcome for the council in the 2020/21 exercise and will be reviewed upon release.

4.0 Conclusion and Reasons for Recommendations

- 4.1 In conclusion, this paper presents a summary of activity against the Counter Fraud plan for 2023/24.
- 4.2 The Committee are requested to review and comment on the update on activity. The next counter fraud update will be made to the March 2024 committee.

5.0 Consultation

Not applicable

6.0 Alternative Options and Reasons for Rejection

- 6.1 Not applicable

7.0 Implications

Financial and Resource Implications

- 7.1 There are no financial implications arising directly from this report.

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845

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Legal Implications

- 7.2 There are no legal implications arising directly from this report.

Comments checked by:

Shiraz Sheikh, Monitoring Officer & Assistant Director – Law, Governance
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Risk Implications

- 7.3 There are no risk management issues arising directly from this report. Any arising risks will be managed through the service Operational Risk and escalated to the Leadership Risk Register as and when necessary.

Comments checked by:

Celia Prado-Teeling, Performance & Insight Team Leader, 01295 221556

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Equalities and Inclusion Implications

- 7.4 There are no equalities and inclusion implications arising directly from this report.

Comments checked by:

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Sustainability Implications

- 7.5 There are no sustainability implications arising directly from this report.

Comments checked by:

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8.0 Decision Information

Wards Affected

All wards are affected

Links to Corporate Plan and Policy Framework

All corporate plan themes.

Lead Councillor

Councillor Adam Nell – Portfolio Holder - Finance

Document Information

Appendix number and title

None

Background papers

None

Report Author and contact details

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