

This report is public	
Update on Counter Fraud Annual Plan 2023/24	
Committee	Accounts, Audit & Risk Committee
Date of Committee	20 March 2024
Portfolio Holder presenting the report	Cllr Nell – Portfolio Holder Finance
Date Portfolio Holder agreed report	6 March 2024
Report of	Assistant Director of Finance

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. Recommendations

The Accounts, Audit & Risk Committee resolves:

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

2. Executive Summary

- 2.1 This report presents an update on delivery of the counter fraud plan, including an update on the case figures and results from completed investigations. The Counter Fraud Team's purpose is to promote and apply the council's zero-tolerance approach to fraud, corruption and theft, by thoroughly investigating any instances of fraud, applying the appropriate sanctions, undertaking proactive and preventative work to prevent and detect fraud through, training, awareness, data matching and proactive reviews.
- 2.2 The majority of referrals to the team continue to be in relation to people claiming Single Person Discounts (SPD). So far, for 2023/24 9 people have had their SPD removed as a result of investigations undertaken by the team. There are several open investigations that have been completed where we are awaiting the decision regarding the recovery values. The financial results of these will be reported to the Assistant Director of Finance as part of the handover arrangements to the new counter fraud service provider.
- 2.3 The majority of the National Fraud Initiative (NFI) data matching work has been completed, with the results reported to the November 2023 meeting of the Accounts, Audit & Risk Committee. There has been a financial recovery of over £15k and £74k of future loss prevented. Since that meeting some further matches were released by

NFI, these have been reviewed by the team. There are some now under investigation which are predicted to yield further financial recovery.

- 2.4 Following a case this year where the team has been investigating an electoral roll registration which did not have a corresponding council tax account, the team have undertaken a full data matching exercise. This had identified potential cases where council tax is not being applied, where it is expected. These cases are now subject to further investigation.
- 2.5 The work undertaken by the team reduces the council's risk of exposure to fraud and the associated costs of fraud. The investigations undertaken have led to individual cases of single person discount status being removed, identification of undeclared council tax, and identification of undeclared business rates.

Implications & Impact Assessments

Implications	Commentary			
Finance	There are no financial implications arising directly from this report. Comments checked by: Michael Furness, Assistant Director of Finance, 01295 221845 michael.furness@cherwell-dc.gov.uk			
Legal	The Council must have a sound system of internal control which includes the work of the Counter Fraud Team having an effective annual plan and regular review of the key policies is good practice to ensure that the Council meets its legal obligations. Comments checked by: Shiraz Sheikh, Monitoring Officer & Assistant Director – Law, Governance & Democratic Services shiraz.sheikh@cherwell-dc.gov.uk			
Risk Management	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, 27 February 2024 Celia.prado-teeling@cherwell-dc.gov.uk			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		Not applicable

B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		Not applicable
Climate & Environmental Impact		x		Not applicable
ICT & Digital Impact		x		Not applicable
Data Impact		x		Not applicable
Procurement & subsidy		x		Not applicable
Council Priorities	Not applicable			
Human Resources	Not applicable			
Property	Not applicable			
Consultation & Engagement	Not applicable			

Supporting Information

3. Background

- 3.1 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.

4. Details

- 4.1 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. The committee were notified at the November 2023 Accounts, Audit & Risk Committee meeting that OCC Counter Fraud team will no longer be providing the service to Cherwell District Council from April 2024. There will be a handover of cases to the new service. This is the last Counter Fraud update that we will provide to the Committee.
- 4.2 The Counter Fraud team continue to meet regularly with the Department for Work and Pensions (DWP) and are undertaking joint investigations with them.

4.3 The Counter-Fraud Team and Head of Revenues & Benefits have meetings to discuss, progress, and close down cases where necessary. The Counter-Fraud Team liaise with Revenues & Benefits managers on an individual case-by-case basis to progress cases.

Case figures as of February 2024:

Indicator	Value
Number of new cases received April 23 – February 24.	48 (of which 36 have been closed)
Current open cases as of February 24.	18 cases currently open (12 from 2023/24, 4 from 2022/23, 2 from 2021/22)
With the Police	There are currently no cases with the Police
2023/24 Cases by type	SPD: 29 CTS: 10 CTS & SPD: 3 Council Tax Exemption: 3 Housing Abandonment: 1 Business Rates: 2
YTD New Cases by referral source	Other Local Authority: 2 Anonymous: 31 Member of Public: 3 Employee / Internal Control: 11 Government Agency: 1

Outcomes for Year 2023/24 (as at February 2024)

Type of Outcome	Value
Investigations	<p>9 Single Person Discounts have been removed following investigations by the team. £4,130 is estimated to have been lost and £3,489 is in recovery by Revenues and Benefits. There is an ongoing benefit to the public sector of £4,793 per annum from these cases.</p> <p>There are several investigations that have been completed and await final decisions regarding financial recovery. These include:</p> <ul style="list-style-type: none"> • An SPD case where the discount will be removed from 2015. This is expected to result in a recovery of up to £6,600. • A case where multiple properties let for short term stays were undeclared for council tax and/or business rates. If the properties are banded for council tax, savings are estimated to be approximately £1,450 per annum for each property.

	<ul style="list-style-type: none"> • A case where a business has been operating without its premises being declared for business rates. Awaiting referral to Valuation Office for valuation. <p>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. 1 joint investigation with DWP is in progress. Since the previous report in November 2023, a further 3 are now awaiting further progression and being monitored. 1 case referred to DWP was investigated by them independently, and is awaiting a decision on financial recovery.</p> <p>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 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.</p>
Investigation totals to date (2023/24 cases)	<p>SPD: Estimated Loss: £4,130 Amount in Recovery: £3,489 Future annual loss prevented: £4,793</p> <p>When the Counter Fraud Service is passed to the new provider, we will supply the S151 Officer with an update on the total recoveries at that point (as there are several cases where the recovery figures are still to be confirmed)</p>
National Fraud Initiative Exercise - recovery and savings figures	<p>These results were previously reported to the committee at the November meeting:</p> <p>The 45 reports initially received have been fully reviewed. £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>Since our report to the November 2023 committee meeting:</p> <p>Three NFI matches with HMRC aiming to identify CTS fraud were released in November 2023 and have now been reviewed by the team. Those that appear to have identified issues have been referred to Revenues and Benefits in order for them to make contact with the claimants to confirm financial information. This could result in the cancellation or adjustments of benefits. Financial results will be known within the next month.</p>
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Update against the Counter-Fraud Plan 2023/24

4.4 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	March 2024 update
Govern: Have robust arrangements in place to ensure counter-fraud, bribery and corruption	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.	1) Ongoing.	1) Training to Revenues & Benefits and AARC members has been delivered.

measures are embedded throughout the organisation.	<ul style="list-style-type: none"> 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. 3) Review the council's anti-fraud strategy and identify areas for development by reference to the Fighting Fraud and Corruption Locally strategy. 	<ul style="list-style-type: none"> 2) July, November & March. 3) End of quarter 3. 	<ul style="list-style-type: none"> 2) Provided as per the Counter-Fraud plan. 3) The anti-fraud and corruption strategy is currently being reviewed.
Acknowledge: Understand fraud risk and maintain a robust anti-fraud response.	<ul style="list-style-type: none"> 1) Undertake an assessment of the council's overall response to fraud and identify any areas for improvement. 2) Continue development of Council's fraud risk register. 	<ul style="list-style-type: none"> 1) End of quarter 3. 2) End of quarter 3. 	<ul style="list-style-type: none"> 1) Incorporated into the review of the Anti-Fraud & Corruption Strategy. 2) The Council's fraud risk register is subject to continuous review.
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. The matches with HMRC were released in November 2023 and have now been reviewed. Details passed to Revenues and Benefits for potential cancellation or readjustment of benefits. 3) Proactive review of the electoral roll against council tax has been completed (see paragraph 4.6 below).
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 	<ul style="list-style-type: none"> 1) Ongoing. 2) Ongoing. 	<ul style="list-style-type: none"> 1) This is ongoing. 18 cases are currently open. 2) This is ongoing. 1 joint investigation with DWP for CTRS fraud is in progress.

	3)	Reduction Scheme (CTRS) fraud. To carry out a risk assessed review of the NFI CT single person discount exercise.	3) End of quarter 4.	3) Ongoing – will be passed to new provider.
Protect: Recognising the harm that fraud can cause in the community.	1)	Review and share fraud trends and new threats with relevant service areas.	1) Ongoing.	1) Ongoing.
	2)	Respond to information requests from the Police, other Local Authorities and investigation bodies such as HMRC.	2) Ongoing.	2) Ongoing.
	3)	Continue to foster relations with other CDC teams such as Licencing.	3) Ongoing.	3) Ongoing.

Other updates / Cases to note:

- 4.5 Checks made identified an electoral roll registration without a corresponding council tax account. The Counter Fraud Team carried out a site visit and identified what appeared to be a residential dwelling. Further checks undertaken identified the possibility that as well as an undeclared residential building, outbuildings may have been modified for business purposes, without any registration for business rates. A referral was made to planning enforcement and a site visit undertaken. An admission has been made that the building is used for residential purposes and Revenues and Benefits are liaising with the Valuation Office Agency to obtain a council tax banding. Planning Enforcement will be carrying out further site visits to establish business use and rateable value.
- 4.6 As a result of the case identified at 4.5 above, the team's intelligence and data officer has carried out a whole population data matching exercise comparing the electoral roll register against the council tax database. This has identified a number of properties potentially not paying council tax. These will now be subject to an initial investigation by a CDC Officer and any that require counter fraud investigation will likely be passed over to the new provider.
- 4.7 The Economic Crime and Transparency Bill has now received Royal Assent. The legislation allows for an organisation such as a Local Authority to be criminally liable for the failure to prevent fraud. The 'adequate procedures' in the Bill appear to be similar to those within the UK Bribery Act 2010. County and District Councils have been advised to draw up risk assessments and the team is currently liaising with other councils to ensure consistency in order to prepare a draft which will be shared with the S151 Officer. It is likely that the new counter fraud service provider will supply further briefings once more is known about the legislation.
- 4.8 The NFI matches linking CTS/HB claims and HMRC data were released in November 2023 and all 117 matches have now been processed. 11 are being progressed with the Revenues and Benefits Team and may yield a financial recovery.

5. Alternative Options and Reasons for Rejection

- 5.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Not applicable

6 Conclusion and Reasons for Recommendations

- 6.1 In conclusion, this paper presents a summary of activity against the Counter Fraud plan for 2023/24. The Committee are requested to review and comment on the update on activity.

Decision Information

Key Decision	No
Subject to Call in	
If not, why not subject to call in	
Ward(s) Affected	All

Document Information

Appendices	
Appendix 1	None
Background Papers	None
Reference Papers	None
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