

# **Cherwell District Council**

## **Accounts, Audit and Risk Committee**

**18 November 2020**

### **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 18 August 2020 and the 6 November 2020, the corporate fraud team has achieved the following results:

### Directly Attributable Savings

Type	Fraud Loss Avoidance*	Income Generated	Comment
Discretionary Grant Payment	£80,000	£0	Work by the Fraud Team has prevented a grant payment to illegible businesses.
Test and Trace Fraud	£500	£0	Work by the Fraud Team and CSN has prevented payment to an illegible person.
<b>Totals</b>	<b>£80,500</b>	<b>£0</b>	

- 3.4 There are currently 34 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 (UC) 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.
- 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; however, the meetings have been temporarily suspended due to the Covid 19 situation.
- 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.

## **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 has to be completed by December 2020 with the matches becoming available in Feb. 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 Since the start of the Covid-19 crisis councils across the country have increasingly been the target of Cyber Criminals. The attacks have been by various means, and although at Cherwell there have been no reported attempts, it is important to remain aware and vigilant to this emerging risk. Staff have been notified of this risk at CDC through the issue of "fraud alert" notices.
- 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. Due to the Covid 19 situation these interviews had to be delayed until PACE compliant rooms could be made safe. Of the 14 cases eight of them have been refused a grant for numerous reason 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 involved in the setting up and reviewing of payments made to individuals through the Test and Trace Payments Scheme. Any potential 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.
- 4.8 Planning is underway to promote Fraud Awareness Week which is over the following period of time 15 to 21 November 2020. This will include highlighting the way that frauds are perpetrated and giving tips to ensure that staff members and customers are better protected.

## **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, which is the subject of a separate report.
- 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:

Michael Furness, Assistant Director of Finance, 01295 221845

[michael.furness@cherwell-dc.gov.uk](mailto:michael.furness@cherwell-dc.gov.uk)

### **Legal Implications**

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

Comments checked by:

Christopher Mace, Solicitor, 01295 221808

[Christopher.Mace@cherwell-dc.gov.uk](mailto:Christopher.Mace@cherwell-dc.gov.uk)

### **Risk Implications**

- 8.4 There are no risk management issues arising directly from this report. Risks are managed as part of the services operational risk register and then escalated as and when necessary to the leadership risk register.

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes, 01295 221786  
[louise.tustian@cherwell-dc.gov.uk](mailto:louise.tustian@cherwell-dc.gov.uk)

## 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 Ilott – Lead Member for Financial Management.

### Background papers

None

### Report Author and contact details

Rob Ducker, Senior Investigation Officer, 01865 252180

[Robert.ducker@cherwellandsouthnorthants.gov.uk](mailto:Robert.ducker@cherwellandsouthnorthants.gov.uk)