

Counter Fraud Update

Gravesham Borough Council

For the period:

1 April – 31 July 2023

1. Introduction

- 1.1 The Internal Audit & Counter Fraud Shared Service for Medway Council & Gravesham Borough Council was established on 1 March 2016. The service provides internal audit assurance and consultancy, proactive counter fraud and reactive investigation services, and the Single Point of Contact between both authorities and the Department for Work & Pensions Fraud & Error Service for their investigation of Benefits Fraud
- 1.2 The Counter Fraud team reports periodically to senior management and the Finance & Audit Committee to provide updates on all counter fraud activity and the results of completed investigations.

2. Executive Summary

- 2.1 The first four months of 2023-24 have been productive with 42% of projected resource already delivered, largely due to the number of counter fraud officers has increasing from two to four, and the work being spread across more officers. One of the counter fraud officers is continuing to progress well with their apprenticeship and our newest Intelligence Analyst has just enrolled on the new Intelligence apprenticeship.
- 2.2 A range of activities around fraud prevention and awareness have either commenced or will shortly be starting, including progressing with the later stages of fraud risk assessments, where existing controls are assessed and residual risk scores calculated, as well as advice given on further prevention controls. Services who also expressed interest in fraud awareness training during the annual survey have also been contacted and arrangements are being made for future awareness sessions, as well as preparing generic online materials.
- 2.3 Work arising from the various National Fraud Initiative exercises is now fully up to date and we are now looking at what other pro-active activity to identify potential fraud could be undertaken later this year.
- 2.4 Investigative activity has continued and cashable savings of £131,413 have been identified during the reporting period, along with notional savings of £186,000 linked to the recovery of two council properties and a prevented loss of £96,000 from a blocked right to buy connected to one of those properties. The team continue to progress a number of investigations into various fraud types, including revenues and housing but there have been no requests to investigate any internal matters.
- 2.5 Good liaison has been maintained with the Police and other investigative bodies, with all requests for information responded to within set timescales.

3. Resources

- 3.1 The Internal Audit & Counter Fraud Shared Service reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. The Counter Fraud team consists of; the Head of Internal Audit & Counter Fraud (0.35FTE), one Counter Fraud Manager, four Counter Fraud Officers, and two Counter Fraud Intelligence Analysts (1.86FTE).
- 3.2 The Shared Service Agreement sets out the basis for splitting the available resources between the two councils, approximately 75% for Medway, with the remaining 25% for Gravesham. The establishment at the time the Counter Fraud Plan for 2023-24 was prepared, was forecasted to provide a total of 244 days available for counter fraud work (net of allowances for leave, training, management, administration etc.). The Counter Fraud Plan for Gravesham was prepared with a resource budget of 244 days for counter fraud work, along with a further 85 days for management of this activity.
- 3.3 Net staff days available for Gravesham for the period 1 April to 31 July 2023 amounted to 103.5 days, and delivery of approximately 42% of projected resource. Of this chargeable time, 4.6 days (5%) was

spent on fraud awareness and prevention activity, 15.8 days (15%) on pro-active counter fraud activity, 73.5 days (71%) on reactive investigation activity and 9.5 days (9%) on other counter fraud activity. The current status and results of work carried out are detailed at section 4 of this report.

4. Results of Counter Fraud work

- 4.1 The Counter Fraud Plan 2023-24 for Gravesham was approved by the Finance & Audit Committee in March 2023. The Plan is intended to provide a clear picture of how the council will use the Counter Fraud resource, reflecting all work to be carried out by the team for Gravesham during the financial year.
- 4.2 The tables below provide details of the progress of work undertaken as part of the 2023-24 annual plan and the results of investigative work completed during the period.

Fraud Awareness & Prevention

Ref	Activity	Days used	Current status	Summary of activity
1	Fraud Risk Assessments	N/A	In progress	<p>Officers within the counter fraud team have been tasked with liaising with individual services to discuss and identify any fraud prevention controls already in place or further mitigating actions, which will inform the residual risk scores.</p> <p>There is a deadline for all work to be completed by the end of the calendar year with a view to a fraud risk register to be presented alongside the corporate risk register at the meeting of the Finance & Audit Committee in February 2024.</p>
2	Fraud awareness	N/A	In progress	Officers are in the process of contacting services where survey responses indicated that they may benefit from fraud awareness training.
3	Corporate Working Groups	N/A	Not yet started	There have been no requests for attendance at corporate working groups during the report period.

Pro-Active Counter Fraud Activity

Ref	Activity	Days used	Current status	Summary of activity
5	National Fraud Initiative	15.8	In progress	<p>All matches (3166) received as part of the 2022-23 NFI exercise have been subject to initial checks, with approximately 67 remaining open for further enquiries to be conducted.</p> <p>118 have already resulted in corrective actions, resulting in additional council tax liabilities of £66,474 and additional liability of £38,479 in future years. In addition, eight people have been removed from the Housing Waiting List and three residents parking permits have been cancelled.</p>
6	Kent Intelligence Network	N/A	Not yet started	<p>To date the KIN activity has been focused on work relating to revenues (NNDR & CTAX), which has been dealt with by the Revenues team.</p> <p>Business Rates - Three properties that were not in the ratings list were identified, generating additional business rates of £3,544 and liability of £8,125 per year in future years.</p> <p>Council Tax – Seven properties added to valuation list creating additional liability of £22,502 and £9,793 per year in future years. £6,681 has also been brought back into recovery via debtor tracing.</p> <p>As part of a wider KIN project, the Revenues team have access to credit referencing data that has been used to run data matching on addresses with single person discounts. This has</p>

Ref	Activity	Days used	Current status	Summary of activity
				resulted in 72 discounts/exemptions removed/adjusted with additional liability of £33,624 and £29,479 per year in future years.
7	Pro-Active Exercises	N/A	Not yet started	To date we have not undertaken any pro-active activity outside of the NFI data matching process. Now that all vacancies have been filled, we are exploring options for pro-active activity that may be of benefit to the council.

Responsive investigation work: external investigations

Area	Number of investigations concluded	Summary of results	Cashable savings	Non-cashable savings	Prevented losses
Council Tax	96	11 cases were concluded with no evidence of fraud. 85 cases concluded with the removal of the council tax discount/exemption or reduction, two of which also resulted in housing benefit overpayments. One of those cases also led to the cancellation of a right to buy application and recovery of the council property.	£75,169 (Historic Liability) £37,679 (Additional liability for future years) £18,565 (Housing Benefit overpayments)	£93,000	£96,000
Tenancy	5	Four cases concluded with no evidence of fraud. One case resulted in the recovery of a council property.	N/A	£93,000	N/A
Grants	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A

Responsive investigation work: internal investigations

The Counter Fraud Team conduct disciplinary investigations on behalf of HR into a range of matters. Details cannot be provided while investigations are ongoing, but an anonymised summary will be included in updates after the cases are concluded.

Allegation	Investigation activity & recommendations
Alleged access to council records non-work/business purposes	Investigation was concluded with no evidence to suggest that there had been any unauthorised access to records.

Other Counter Fraud Activity

Ref	Activity	Days used	Summary of activity
9	Liaison with the DWP	0.6	The team have dealt with requests for information linked to seven DWP investigations for housing benefit.
10	Responding to information requests	9	The team have responded to requests for information from the Police and a number of other investigative bodies during the period, providing necessary information in accordance with the data protection protocols.
11	Partnership Liaison		Officers have attended meetings for the Kent Branch of the Tenancy Fraud Forum and the Gravesham Serious & Organised Crime Panel.

5. Performance Monitoring

- 5.1 The Counter Fraud Plan includes a suite of 11 performance indicators used to monitor the effectiveness of the team. The monitoring of performance data largely automated through the team's time recording processes and reports available from their case management system. It should be noted that the results recorded below have not been subjected to independent data quality verification.
- 5.2 The table below sets out the performance targets, which are grouped into measures for the service and those that are specific to the individual authority. Targets have been set for four of the 11 indicators; however, it should be noted that these are for full year outturns; as such outturns at present are not to target levels but are provided for Members information.

Ref	Indicator	Target	Outturn for period
Non LA Specific Performance Measurements			
CF1	Proportion of staff with professional qualification relevant to counter fraud:	50%	Annual Outturn
CF2	Proportion of non-qualified staff undertaking professional qualification training	50%	Annual Outturn
CF3	Time spent on Professional qualification training:	N/A	3.9 days
CF4	Time spent on CPD/non-professional qualification training, learning & development	25 days	13 days
LA Specific Performance Measurements			
CF5	Proportion of available resources spent on chargeable work	N/A	42%
CF6	Proportion of chargeable time spent on: a) Fraud Awareness & Prevention b) Pro-Active Counter Fraud Activity c) Responsive Investigation Activity d) Other Counter Fraud Activity	N/A	5% 15% 71% 9%
CF7	Number of investigations closed	N/A	107
CF8	Value of fraud losses identified: a) cashable (losses that can be recovered) b) non-cashable (notional savings based on national estimates) c) Prevented Losses (Savings associated with blocked applications)	N/A	£131,413 £186,000 £96,000
CF9	Number of civil actions resulting from investigative activity a) Civil penalties for negligence b) Right to Buys cancelled c) Council Properties recovered	N/A	0 1 2
CF10	Number of criminal sanctions applied a) Cautions b) Administrative Penalties		0 0

Ref	Indicator	Target	Outturn for period
	c) Prosecutions		0
CF11	Client, Management and Member satisfaction with Counter Fraud services	90%	A satisfaction survey will be issued at the end of 2023-24.