

# Counter Fraud Update

Gravesham Borough Council

For the period:

1 April – 31 July 2024

# 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 2024-25 have been productive with 35% of the projected 274 days of resource already delivered, which does not include time spent on internal grievance and disciplinary investigations following Management Team decision to redirect some of the resource as part of the balancing the budget activity. One of the Counter Fraud Officers has now passed their apprenticeship with distinction and is now an Accredited Counter Fraud Specialist.
- 2.2 We continue to offer monthly fraud awareness training sessions, although many have been cancelled due to a lack of sign up. There have however been a two service specific sessions with Housing.
- 2.3 Work arising from the various National Fraud Initiative exercises is fully up to date and we are in the process of making arrangements to conduct some pro-active data matching activity to identify potential fraud.
- 2.4 Investigative activity has continued and cashable savings of £99,281 have been identified during the reporting period. The team continue to progress a number of investigations into various fraud types, including revenues and housing.
- 2.5 Good liaison has been maintained with the Police and other investigative bodies, with all requests for information responded to well 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 415 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 274 days for counter fraud work, along with a further 13 days for management of this activity. However, following the decision to redirect approximately 30% of this resource to internal disciplinary/grievance matters, this was reduced to 233 days.
- 3.3 Net staff days available for Gravesham for the period 1 April to 31 July 2024 amounted to 148.9 days, and 96.1 days were spent on counter fraud related activity (the remainder of this time was spent on internal investigation activity), which equates to delivery of approximately 41.2% of projected 233 days of resource. Of this 96 days of chargeable time, 2.3 days (2%) was spent on fraud awareness and prevention activity, 17.6 days (18%) on pro-active counter fraud activity, 66.5 days (70%) on reactive

investigation activity and 9.6 days (10%) on other counter fraud activity. The current status and results of work carried out are detailed at section 4 of this report.

- 3.4 Based on our most recent assessment, we are projecting a loss of approximately 29 days from the projected 233 days resource available for counter fraud activity. This is driven by the fact that one of the Counter Fraud Officers has been seconded to internal audit to help with significant resource losses created by sickness within that team.

## 4. Results of Counter Fraud work

- 4.1 The Counter Fraud Plan 2024-25 for Gravesham was approved by the Finance & Audit Committee in March 2024. 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 2024-25 annual plan and the results of investigative work completed during the period. This does not include information relating to internal grievance/disciplinary investigations as this is separate from counter fraud activity.

## Fraud Awareness & Prevention

Ref	Activity	Days used	Current status	Summary of activity
1	Fraud Risk Assessments	N/A	Not yet started	The fraud risk register was presented to the Finance & Audit Committee in February 2024, alongside the corporate risk. Later in the year there will be a review to consider any changes to the current scoring and also identify whether there are any new fraud risks for inclusion.
2	Fraud awareness	N/A	In progress	<p>Monthly sessions have been available since April for staff to sign up to, but unfortunately all but one has been cancelled due to lack of sign up. There were six attendees at the April session made up of officers from both Medway and Gravesham.</p> <p>The team has attended a Housing – Neighbourhood Services team meeting as part of an introductory session as there have been staffing changes in both teams.</p> <p>Officers are also in the process of contacting services where survey responses indicated that they may benefit from fraud awareness training.</p>
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	0.9	In progress	<p>All original matches (3166) received as part of the 2022-23 NFI exercise were subject to initial checks, with approximately four currently remaining open for further enquiries to be conducted. An additional 503 matches were later received in relation to comparisons with HMRC data. 100 of these matches were checked and none produced anything requiring investigation and as such a decision was taken not to dedicate resource to the remaining 403.</p> <p>170 have resulted in corrective actions, resulting in additional council tax liabilities of £100,262 and additional liability of £57,223 in future years. In addition, 17 people have been removed from the Housing Waiting List, three residents parking permits have been cancelled, and seven duplicate creditor payments totalling £21,939 have been identified and recovered.</p> <p>All matches (762) from the 2023-24 Council Tax exercise have been dealt with, resulting in the removal of 85 single person discounts, 14 of which were replaced with student disregards, additional council tax liabilities of £36,748 and additional liability of £35,566 in future years.</p> <p>Data submissions for 2024-25 will take place in October, with the results received in December.</p>

Ref	Activity	Days used	Current status	Summary of activity
6	Kent Intelligence Network	N/A	Not yet started	<p>KIN activity continues to focus on work relating to revenues (NNDR &amp; CTAX), which has been dealt with by the Revenues team. The details below have been taken from the Q1 return.</p> <p>Business Rates - £3,600 has been brought back into recovery via debtor tracing.</p> <p>Council Tax – One property added to valuation list creating additional liability of £2,645 and £2,001 per year in future years. £76,304 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 resulted in 72 discounts/exemptions removed/adjusted with additional liability of £23,753 and £53,753 per year in future years.</p>
7	Pro-Active Exercises	5.9	Underway	The team have been undertaking some desktop activity that has so far identified a number of businesses operating from Farms in the Borough. The next stage of the process will be to identify whether these businesses are occupying premises with a view to having them added to the ratings list.

### Responsive investigation work: external investigations

Area	Number of investigations concluded	Summary of results	Cashable savings	Non-cashable savings	Prevented losses
Council Tax	87	Six cases were concluded with no evidence of fraud. 81 cases concluded with the removal of the council tax discount/exemption or reduction.	£60,251 (Historic Liability) £39,030 (Additional liability for future years)	£0	£0
Tenancy	4	Four cases concluded with no evidence of fraud.	N/A	N/A	N/A

### Responsive investigation work: internal investigations

Allegation	Investigation activity & recommendations
	No fraud investigations connected to employees during the period.

## Other Counter Fraud Activity

Ref	Activity	Days used	Summary of activity
9	Liaison with the DWP	0.7	The team have dealt with requests for information linked to six DWP investigations for housing benefit.
10	Responding to information requests	7.9	The team have responded to 201 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	1	Officers have attended meetings for 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
<b>Non LA Specific Performance Measurements</b>			
CF1	Proportion of staff with professional qualification relevant to counter fraud:	N/A	Annual Outturn
CF2	Proportion of non-qualified staff undertaking professional qualification training	N/A	Annual Outturn
CF3	Time spent on Professional qualification training:	N/A	25.4 days
CF4	Time spent on CPD/non-professional qualification training, learning & development	25 days	18.7 days
<b>LA Specific Performance Measurements</b>			
CF5	Proportion of estimated resources delivered	N/A	41.2%
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	2% 18% 70% 10%
CF7	Number of investigations closed	N/A	91
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	£99,281 £0 £0
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 0 0
CF10	Number of criminal sanctions applied a) Cautions b) Administrative Penalties c) Prosecutions		0 0 0

Ref	Indicator	Target	Outturn for period
CF11	Client, Management and Member satisfaction with Counter Fraud services	90%	A satisfaction survey will be issued at the end of 2024-25.