

Internal Audit & Counter Fraud Shared Service
Medway Council & Gravesham Borough Council

Counter Fraud Update

Medway Council

For the period:

1 September – 30 November 2024

1. Introduction

- 1.1 The Audit & Counter Fraud Shared Service for Medway Council & Gravesham Borough Council was established on 1 March 2016. The team 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 counter fraud team continues to deliver work across the various areas of the counter fraud plan, with approximately 13% of projected resources delivered over the period. They maintain good progress with professional training and one of the Intelligence Analysts continues to progress well with their apprenticeship.
- 2.2 While fraud awareness sessions have been available, all have been cancelled due to lack of attendees. Fraud risk assessments have been completed in all key areas of the council and a fraud risk register has been produced. This will be continually reviewed and added to as new fraud risks are identified.
- 2.3 Work arising from the various National Fraud Initiative exercises is up to date, with some good results achieved and submissions for the 2024-25 exercise were completed in October, with results expected in late December. Work to identify potential unrated business premises has also continued but there are no results to report at present.
- 2.4 Investigative activity during the period has led to cashable savings of £111,052, and the recovery of a council property with a notional saving of £93,000.
- 2.5 Good liaison has been maintained with the Police and other investigative bodies, with all requests for information responded to within set timescales. Information on Housing Benefit claims has been provided to the DWP in accordance with local SLA's for SFIS investigation and closure notifications received in relation to three cases, although all were closed with no evidence of fraud.

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 now 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 76% for Medway, with the remaining 24% for Gravesham. The establishment at the time the Counter Fraud Plan for 2024-25 was prepared, was forecasted to provide a total of 1138 days available for counter fraud work (net of allowances for leave, training, management, allocation of resource to internal disciplinary and grievance cases, administration etc.) The Counter Fraud Plan for Medway was prepared with a resource budget of 555 days for counter fraud work.
- 3.3 Net staff days available for Medway for the period 1 September to 30 November 2024 amounted to 78.4 days. Of this time:
 - 1 day (1%) was spent on fraud awareness & prevention,
 - 15.9 days (21%) days on pro-active counter fraud activity,
 - 47.3 days (60%) on investigation activity, and

- 14.3 days (18%) on other counter fraud activity.

The current status and results of work carried out are detailed at section 4 of this report.

- 3.4 A refresh of the resource budgets with updated projections suggests that there is a loss of 166 days from the original estimate of 503 days for counter fraud work. This is due to a counter fraud officer being seconded to the internal audit team in August 2024 and a further officer due to leave on 3 January 2025.

4. Results of Counter Fraud work

- 4.1 The Counter Fraud Plan 2024-25 for Medway was approved by the 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 Medway 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.

Fraud Awareness & Prevention

Ref	Activity	Days used	Current status	Summary of activity
1	Fraud Risk Assessments	0.2	In Progress	A fraud risk register has now been produced incorporating all the assessments that have been undertaken to date. There are further reviews to be completed and those already in the register will be monitored and refreshed as needed but the current register is a separate item on the Committee agenda.
2	Fraud awareness	0.8	In Progress	Generic fraud awareness sessions detailing the types of fraud the council may face and the impacts on council services were available throughout the reporting period, but all have been cancelled due to a lack of sign up.
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
4	National Fraud Initiative	0.2	In progress	<p>A total of 14,123 matches were received across the various reports included in the 2022-23 NFI Exercise. Work associated with the exercise has led to additional council tax of £156,717, plus additional liability of £10,135 in future years. In addition, 501 blue badges and 835 concessionary bus passes have been cancelled, with notional savings of £325,650 and £23,160, respectively, and the cancellation of 13 residents parking permits. Eleven people have also been removed from the housing waiting list with notional savings of £44,000, and duplicate payments totalling £1,550 identified.</p> <p>A total of 3735 matches were received in relation to the annual council tax exercise and all associated work has been completed, resulting in additional council tax of £73,729, plus additional liability of £49,312 in future years.</p> <p>Data submissions for the 2024-25 exercise were completed in October 2024, with results expected in late December.</p>
5	Kent Intelligence Network	N/A	Not yet started	Nothing to report.
6	Pro-Active Exercises	15.7	In progress	The team have been conducting visits to verify circumstances declared in right to buy applications and a tenancy data match was also conducted, the results of which are now being checked.

Ref	Activity	Days used	Current status	Summary of activity
				The team have also been undertaking desktop activity aimed at identifying unrated business premises.

Responsive investigation work: external investigations

Area	Number of investigations concluded	Summary of results	Cashable savings	Non-cashable savings	Prevented losses
Council Tax	117	12 cases concluded with no evidence of fraud. 95 cases concluded with the removal of the council tax discount/exemption or reduction. Nine cases resulting in the creation of new liabilities.	£57,489 (Historic Liability) £53,563 (Additional liability for future years)	N/A	N/A
Grants	1	One case concluded with an attempted Household Support Fund fraud valued at approximately £700 prevented.	N/A	N/A	£700
Housing	1	One case concluded with the recovery of a council property.	N/A	£93,000	N/A

Responsive investigation work: internal investigations

The Counter Fraud Team conduct disciplinary/grievance investigations on behalf of HR into a range of matters that cannot be detailed in these reports. However, details of any disciplinary matters connected to criminal proceedings will be provided after the cases are concluded.

Allegation	Investigation activity & recommendations
Alternative employment while off sick	As reported in the last update, a former employee was convicted for an offence under the Fraud Act 2006 after working while off sick from her substantive post with Medway. The case was formally closed in September.

Other Counter Fraud Activity

Ref	Activity	Days used	Summary of activity
9	Liaison with the DWP	1.7	The team have responded to requests for Housing Benefit data linked to 12 DWP investigations, providing all necessary details. We have also received notification of three cases being concluded with no fraud identified.
10	Responding to information requests	12.5	The team have responded to 266 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	0	No activity in the reporting period.

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:	N/A	Annual outturn only
CF2	Proportion of non-qualified staff undertaking professional qualification training	N/A	Annual outturn only
CF3	Time spent on Professional qualification training:	N/A	12.3
CF4	Time spent on CPD/non-professional qualification training, learning & development	25 days	28.3
LA Specific Performance Measurements			
CF5	Proportion of estimated resources delivered	N/A	13.2%
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	1% 21% 60% 18%
CF7	Number of investigations closed	N/A	120
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	£111,052 £93,000 £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 1
CF10	Number of criminal sanctions applied a) Cautions b) Administrative Penalties c) Prosecutions		0 0 1
CF11	Client, Management and Member satisfaction with Counter Fraud services	90%	Annual outturn only