

**Committee:** Resources Committee  
**Date:** 3 February 2005  
**Agenda Item No:** 4  
**Title:** Financial Strategy and Service Planning Process  
**Author:** Philip O'Dell 01799-510670

### **Summary**

- 1 This report summarises the draft General Fund Revenue Budget for 2005/06. It includes all budgeted related recommendations from the current cycle of committee meetings and reflects final technical adjustments and the recommended Council Tax increase of 4.5%.
- 2 This is the final opportunity for the Committee to confirm items to be included in the General Fund Revised estimates for 2004/05 and the 2005/06 estimates, together with the Council Tax increase it wishes to recommend to the Council meeting on 15 February 2005 for approval.
- 3 Results of the public consultation exercise on the budget and council tax level will be presented at the meeting.
- 4 A summary and details of agreed additions to and use of reserves is included in this report, along with corporate contingency budgets.
- 5 The appendices to the report cover:
  - The budget summary (Appendix 1)
  - Spending pressures proposed by committees (Appendix 2)
  - Total savings/additional income by service (Appendix 3)
  - Use of reserves (Appendix 4)
  - One-off spending pressures (Appendix 5)
  - Corporate contingency budgets (Appendix 6)

### **Background**

- 6 At its meeting on 18 November 2004 this Committee considered the overall position on the General Fund, ahead of the announcement of external funding from central government, and agreed a strategy for spending pressures and savings based on the service prioritisation approach developed by the Member Prioritisation Working Group.
- 7 Following a further resolution at the meeting on November 18 the Council meeting on 14 December considered and endorsed savings or additional income targets for individual services. The Council also referred the list of

spending pressures back to policy committees, asking them to re-consider them in the light of the savings targets set for services. On this basis committees were free to delete spending pressures so as to help achieve their savings targets for services, if that was their preferred option.

- 8 Council on 14 December agreed the proposal that, subject to the results of public consultation, further news on potential council tax capping, and the effects of savings/additional income targets on services, a revised targeted council tax increase of 4.5% be agreed for 2005/06.
- 9 Committees have now re-considered their budgets and spending pressures and have looked at options to achieve any savings targets set for their services. These are summarised in this report and appendices.
- 10 The Essex County Council Cabinet will make its budget proposals at a meeting on 1 February, the Essex Police Authority budget meeting is on 7 February and the Essex Fire Authority on 9 February. The outcome of these meetings, as well as the notification of the precept requirements of Parish and Town Councils, which are currently being compiled, will enable the council tax levels for each property band to be set at the Council meeting on 15 February, although the date of the County Council's Full Council meeting, also on 15 February may present a timing problem. At the moment the budget summary in Appendix 1 uses the parish precept total for the current year, although this has no effect on Uttlesford's own budget position.

### **Updated 2005/06 Committee Budgets**

- 11 With the exception of the Development Control Committee which meets on 2 February but whose budget has only one spending pressure and one savings target, all policy Committees have now agreed their draft 2005/06 budgets, subject to final views and decisions of this Committee. At the time of writing this report, this Committee was yet to meet to consider its own budget at the meeting of 27 January. Any changes and their effects following those considerations will be summarised at this meeting. To enable this report to reflect the likely overall budget scenario, assumptions have been made regarding the decisions that this Committee will have made concerning its own budget at the meeting on 27 January.
- 12 Taking into account the assumptions described in paragraph 11, the Council's Budget Requirement has increased by approximately £322,700 or 4.56% between 2004/05 and 2005/06. This is due to a combination of staff pay awards, other inflation related items and new spending pressures, offset by increased income via fees and charges, as well as budget reductions. With pay awards and inflation costing around £350,000, the increase in the budget of £322,700 indicates that spending pressures are currently being contained and in fact exceeded by efficiencies, increased fees and charges, and for 2005/06, increased government funding. A key issue is whether this can be continued in the years ahead. It needs to be remembered that the 2005/06 budget has benefited from substantial increases in income from planning fees,

as well as a significant rise in car park charges and increased external support from the government.

### **Ongoing Spending Pressures**

- 13 The Council meeting on 14 December approved the ongoing spending pressures put forward by committees, subject to a re-appraisal of those spending pressures by committees as part of the need to achieve savings targets.
- 14 Committees have now considered their ongoing spending pressures in the light of savings targets. Only the Health and Housing Committee proposed to delete a spending pressure to assist with a savings target. This proposal, to achieve the £17,000 Public Health saving via deletion of the proposed new clerical post for the service, was due for consideration at the special housing rent setting meeting of the Committee on 25 January. The figures for savings built into this report assume that this decision will be confirmed and this Committee will be informed of any change to that proposal.
- 15 Of the remaining committees, the Environment Committee proposed to resurrect the previously deferred spending pressure of £3,000 in respect of upgrading to recycling bring sites, and also proposed a reinstatement to their base budget of £13,500 in respect of planning grants and subscriptions. These figures have again been built into the figures within this report.
- 16 The Community and Leisure Committee supported an officer request that the £18,000 included in the Revenue Support Grant Settlement for Civil Contingency Funding is earmarked for this purpose, and it therefore appears on the list of spending pressures, although it is then offset by a £3,000 budget reduction under the savings exercise. It is for Resources Committee to decide whether it is appropriate to leave the spending pressure in the budget. Bearing in mind the need to work out the detailed requirements of the new legislation in this area and the requirement to finalise the Council's budget, it is proposed that this spending pressure is agreed at this stage, but on the proviso that more detailed proposals on the need for and use of the £18,000 are taken back to the Community and Leisure Committee and that the Committee are informed that a budget reduction of up to £10,000 is requested of them when the 2005/06 budget is revised later in the year.
- 17 Appendix 2 contains a summary of the remaining ongoing spending pressures, analysed by committee.

### **Savings Targets**

- 18 Appendix 3 contains a summary of proposed savings or additional income for each service, compared with the target set by the Council in December. Of particular note is the significant increase in planning fees, based on government guidance. Of the 39 savings targets set, 28 have been achieved or exceeded. The remaining 11 services were unable to agree savings or income likely to be acceptable in service terms or because of the statutory

nature of provision. Some of these services may therefore be candidates for a more detailed budget analysis via a zero-based budgeting exercise, which, along with other possibilities, will be considered as the Financial Strategy is refined later in the year.

- 19 The Community and Leisure Committee requested that the excess savings of £7,000 achieved by Bridge End Gardens be used to offset the potential underachievement of the £11,000 savings/additional income target set for the Museum. With work in hand to develop approaches to increasing the Museum's income base it is felt that no specific provision of this nature needs to be made at this time.
- 20 The savings put forward in respect of Information Technology and the Revenues and Benefits Service are partly based on savings that will not be realised until the 2006/07 financial year. This was explained in the proposals for savings brought to this Committee's meeting on 27 January. On this basis and to account for the longer term savings involved, the sum of £59,000 has been taken out of the forecast year budgets of 2006/07 and 2007/08.

#### **“ Below the Line” Updates**

- 21 This term refers to those budgets which are not directly linked to a particular committee and appear in the budget summary below the committee spending totals. All below the line budgets have been updated to reflect Member decisions during the budget process. The changes to these items since this Committee last reviewed these items on 18 November 2004 are the refinement of the interest on balances figure, completion of inter-fund calculations affecting the Housing Revenue Account and former Contract Services Organisation, as well as the interaction with the Council's Capital Programme, which is the subject of a separate report on this agenda.

#### **Overall Budget Summary**

- 22 The overall budget summary is contained in Appendix 1 attached to this report. The individual Committee budgets shown include a separate summary of spending pressures and total savings or additional income achieved. This is to give this Committee a clear picture of how each committee's budget has changed and to give totals that can be reconciled with the list of spending pressures and budget reductions shown in Appendices 2 and 3. All the figures shown will, if approved by this Committee and the Council be consolidated to give final Committee totals when the Budget Book is published during March 2004.
- 23 The budget summary included in Appendix 1 (line 49) indicates that approximately £19,400 is still available should the proposed 4.5% council tax increase for 2005/06 be approved. This sum is available to support any deferred or deleted spending pressures or to allow a review of budget reductions or fees and charges proposed by committees. It is recommended however that bearing in mind that committees have made few representations about the need to delete or defer spending pressures or about savings made,

this is used to help fund the one-off spending pressures contained in Appendix 5. It could also be that once the council tax base is agreed, the surplus may no longer exist. This is expanded on in paragraph 39 below.

- 24 The budget summary in Appendix 1 currently assumes that the Council Tax will continue to increase by 4.5% per annum for the two forecast years of 2006/07 and 2007/08. This would create a budget surplus of approximately £98,000 (line 49 of the summary) in 2006/07, although by 2007/08 however, the forecast budget has moved to a deficit of approximately £12,000. Both of these projections are without the addition of new legislative and policy priorities for each of those forecast years, including the significant investment in waste management which is envisaged. This issue alone could add as much as £400,000 per annum to the Council's revenue budget from the 2006/07 financial year, although some of this may be recovered via as yet unquantified government grants. Officers will be assessing the feasibility of achieving compensating levels of savings elsewhere in the Council's budget prior to submitting the budget to the Full Council on 15 February, along with the statutory report on Prudential Indicators that requires a three-year indication of council tax levels. It should be noted that the two forecast year budgets assume no increase in central government funding.

### **Potential Capping of the Council Tax Level**

- 25 Members will be aware that the possibility of councils being capped has been speculated on in recent months. The Local Government Finance Settlement announced on 2 December 2004 included a view from the government that, with the additional resources being given to councils, average council tax increases should not exceed 5%. This has been built on by subsequent comments and a letter from the Local Government Minister referring to the need for low single figure council tax increases. Most commentators interpret this as between 3-5%. Members will be aware that this Council has the lowest council tax level of all district councils in Essex. Research is being undertaken regarding intentions for the year ahead, but the Council seems likely to retain this lowest council tax level status. Furthermore, a rigorous budget reduction exercise has taken place and has yielded approximately £600,000 in reduced costs and increased income to help offset the spending pressures and inflationary increases which the Council has had to fund.
- 26 It is not known whether the facts contained within paragraph 25 plus other arguments which could be legitimately be made (low increases in government funding, the need to increased corporate capacity, special costs relating to the airport etc) would achieve anything should capping be proposed at a level affecting this Council. This Council must however focus on a sustainable, responsible and realistic approach to council tax levels over the medium term, combined with a robust budget process and longer term financial planning.

### **Earmarked Reserves**

- 27 As part of the overall budget strategy, all Earmarked Reserves have been reviewed. Members will be aware that this Council actively uses Earmarked

Reserves to smooth out peaks and troughs in what would otherwise be uneven spending between financial years. This allows proper long term financial planning to take place, and keeps Council Tax levels at consistent levels. The Council's reserves also act as an aid to effective risk management, covering unexpected items of spending, and again keeping Council Tax levels stable. There is a degree however, to which reserve usage both reduces the transparency of the budget making process and the clarity of understanding regarding the sources of funding. There have been comments on this from Members during the current budget process. This will be reviewed during the arrangements planned for improving budgetary control during the 2005/06 financial year and the budget process for 2006/07.

- 28 The latest projected position on the Council's Earmarked Reserves is contained in Appendix 4.

### **The Financial Management Reserve and one-off spending pressures**

- 29 The Financial Management Reserve represents the main funding source available to support one-off spending pressures. It has been built up over the years by specific budgetary decisions, year-end under-spends, and fortuitous income. The latest projections contained in Appendix 4 show the Reserve projected to be approximately £241,700 at 31 March 2005, including the £49,500 under-spend being projected for the General Fund in the current financial year. This represents a fairly healthy balance although already scheduled uses of the fund for 2005/06 reduce it to approximately £113,000 at 31 March 2006.
- 30 There are several one-off spending pressures competing for use of this reserve, and its use to fund such spending pressures on an annual and unstructured basis will, over time and with the Council's revenue budgets under increasing pressure, lead to an undesirable run-down of the reserve. One solution may be to add a sum to the annual budget for funding of at least some one-off items. This will be considered prior to the Financial Strategy report being brought to this Committee in June 2005.
- 31 The one-off spending pressures for the 2005/06 financial year considered by committees, plus one or two others that have become apparent are listed in Appendix 5. The list contained there includes a refinement and updating of figures previously presented. The Committee will see that total of these one-off spending pressures is £311,000. Available funding is also identified, totalling £109,100. From this it can be seen that a shortfall in funding of £201,900 exists. On this basis, it is proposed that the Executive Management Team undertake an exercise involving potential deletion or deferment of one-off spending pressures. To underpin the need for financial prudence, this Committee will be asked to propose to the Council a policy that the Financial Management Reserve balance falls no lower than £50,000 at any time.
- 32 Members should note that, pending a response from the County Council concerning correspondence on the pension fund deficit and associated budget shortfall previously reported, a sum of £38,000 has been added to the

one-off spending pressures list for 2005/06. This is the sum required, after use of the Pension Deficit Earmarked Reserve, to finance the potential sum of £388,000 due to the County Council during 2005/06. Once a response has been received from the County Council a Member Workshop is planned to look at the options available regarding long term financing of the pension fund deficit. An updating report will be brought to this Committee's meeting on 31 March.

### **Forward Projections**

- 33 Work continues on improving long term financial planning, thereby increasing service stability and giving the potential for less volatility in council tax levels. This approach is an implicit part of the new Prudential Code governing the Council's finances.
- 34 Some significant progress has been made on this objective as follows:
- The prioritisation process has provided basic cost v quality information which can be built upon to focus where future cost reductions may be possible and where budget increases may be needed
  - The Service Planning process, though still far from perfect, has developed such that longer-term financial issues are now starting to be highlighted.
- 35 The next stages of a multi-year approach involve building on the improvements outlined in the previous paragraph, but also:
- Remodelling the budget process to include a more structured approach to fees and charges reviews, corporate savings, Gershon etc, and including multi-year projections of the effects of each of these in the budget
  - Adopting a more pro-active approach to external funding possibilities. The proposed injection of corporate capacity at officer level should now enable this to happen
  - Using the planned three-year financial settlements from the government as the baseline from which to start our financial planning. This proposal from the government is currently being consulted on and Members will be informed of progress.
- 36 Accepting that some of the underpinning issues outlined in paragraphs 33 to 35 above are not yet in place, it is still possible for us to improve on our multi-year budget projections at this time, and this has been attempted in the forecast years of the Budget Summary in Appendix 1. Included at this stage, for the forecast years 2006/07 and 2007/08 are provisions for inflation and increases in income from fees and charges. Members should note however that no figures have been assumed for the possible increased costs of the draft waste management strategy, probably the most expensive policy development facing the Council over the next few years. It was explained earlier in this report that Initial figures indicate that, depending on policy decisions yet to be made, the Council may incur increased annual costs on the region of £400,000, although this may be offset by as yet unquantified ongoing government support via grants. Other potential spending pressures are at this stage assumed to be funded by efficiencies in the way that the

current budget process has operated. Because of the significant procurement and joint working savings already built into the budget, no other Gershon type assumptions of budget reductions have been made as yet.

- 37 The limited assumptions made in paragraph 36 contribute towards the savings shown as required to maintain council tax increases at the currently recommended 4.5% 2005/06 level for both 2006/07 and 2007/08. Members should note that these figures are of necessity tentative and that further work to refine them will take place over the next few months as the whole issue of service planning is developed further. The figures do however provide a baseline from which to measure movement and changed assumptions and it is hoped are of assistance in communicating the Council's longer-term financial scenario.

### **Other Budget Uncertainties**

- 38 The budgets as presented in this report include no provision for additional income from either the Public Service Agreement (PSA) with the County Council, be it Phase 1 or Phase 2, or the potential yield from the Government's Business Growth Incentive Scheme. The PSA is dependent on the successful achievement of targets where the outcome is not yet known. Any funding receivable, which could be in the order of £40,000 one-off revenue funding and £40,000 capital funding, will be added to the Council's Financial Management Reserve and Capital Programme funding respectively. The Business Growth Incentive Scheme will be another area where retrospective funding is notified, based on actual changes in rateable values for 2005/06. For this reason it has again been left out of the budget, although it is hoped that a clearer view of any long term gain for the Council can be built into the Financial Strategy report to be brought to this Committee in June 2005.
- 39 There remains an uncertainty about the council tax base used in the budget calculations. The tax base provides the basis for calculating the yield from setting a council tax at various levels. The tax base needs to be officially agreed by 31 January for the following budget year and work is continuing with a view to achieving this deadline. At the moment an estimated figure has been used. Any amended figure will be notified to this meeting or to the Council on 15 February. It is unlikely that the variation will be more than a £20,000 increase or decrease in budgetary terms. With a surplus on the 2005/06 budget of approximately £19,400 as discussed in paragraph 23, any reduction in the tax yield can still be accommodated without delaying the finalisation of the budget.

### **CONCLUSIONS**

- 40 The General Fund budget process has progressed to a stage where this Committee can make recommendations to the Council regarding the 2005/06 Budget Requirement and Council Tax levels.
- 41 Members need to be aware of the possibility of council tax capping



**RECOMMENDED** to full Council on 15 February 2005 that, subject to any final changes made by this Committee,

- 1) final approval be given to the contributions to and use of Earmarked Reserves in 2004/5 and 2005/6 contained in Appendix 4 to this report
- 2) A policy be adopted whereby the Financial Management Reserve falls to a level no lower than £50,000 at any time
- 3) final approval be given to the Corporate Contingency budgets contained in Appendix 6
- 4) final approval is given to the General Fund Revenue Revised Estimates 2004/05 and the General Fund Revenue Estimates 2005/06 as detailed in Appendix 1
- 5) final approval be given to a Council Tax increase of 4.5% for 2005/06 based on a District Council Requirement of £7,395,623

Background Papers: Budget Working papers and files













**Committee:** Resources  
**Date:** 3 February 2005  
**Agenda Item No:** 5  
**Title:** Capital Programme  
**Author:** Nick Harris (01799) 510313

### **Summary**

- 1 This report presents the Capital Programmes for 2004-05 Revised and 2005-06 to be recommended for approval to the Council on 15 February 2005. Policy Committees considered their individual programmes in the November cycle of meetings and made recommendations that were considered by this Committee at its meeting on 18 November 2004. The figures presented here reflect the recommendations approved at that meeting but also include an updated IT programme. The report also includes the Housing Capital Programme and information detailing sources of funding for the programme. The detailed figures showing expenditure and funding details are contained in the Appendix to this report.
- 2 2004-05 was the first year of operation of the Prudential Code for Capital Finance in Local Authorities and saw the introduction of new Capital Finance Regulations.

### **Background**

- 3 The Council has been debt-free since 1996, meaning that it has not been obliged to rely on external borrowing to fund its capital programmes. This has been due to a continuing flow of capital receipts from right to buy sales of HRA dwellings. Despite their source, these receipts have been legally been usable for any capital purpose.
- 4 The Capital Strategy approved by the Council in July 2003 and subsequently rated as "good" by the Government Office for the East of England was prepared on the basis that the Council was unlikely to borrow externally in the short to medium term. The programme presented here has been prepared on that basis with no capital financing requirement (borrowing) identified in any of the next few years for either the General Fund or Housing Revenue Account.
- 5 Whilst the Council has powers to borrow to undertake a more ambitious capital programme in future years there is a cost attached in terms of interest and ultimately decisions regarding borrowing must be taken on the basis of



affordability So long as the council does not receive the full benefit of additional Government revenue support for capital such decisions will remain difficult.

### **Housing Revenue Account**

- 6 The proposed HRA programme builds on the projections included in the Housing Strategy. This comprises an underlying core programme based on HRA funding from both direct revenue contributions and the Major Repairs Reserve. Taking advantage of existing flexibility, transitional pooling arrangements for debt free authorities and the capital allowance mechanism under the new regulations, the programme presented also includes additional essential asset management work for the HRA.

### **Information Technology**

- 7 The figures are drawn from the IT Programme 2005-06 approved by the E-Government Task Group on 11 January 2005. The figures reflect the Council's continuing commitment to meeting the e-government target of having all local services available electronically by 31 December 2005. Should the Implementing Electronic Government (IEG) statement recently submitted to the ODPM be successful the ODPM will provide funding of £150,000.
- 8 A potentially major project costing £1,225,600 will be to develop key housing benefit workflow processes and associated management reports for use nationally. Known as the Housing Benefits Workflow Process Pack, the Pack will be available free of charge to all other local authorities. Implementation of this project will be undertaken in partnership with Anite Systems Ltd, Bromsgrove District Council, Hartlepool Borough Council, and Salford City Council. A bid will be made for Housing Benefits Performance Standards funding. The programme presented here assumes that the bid will be successful; if it is not the project will require re-appraisal.

### **Conclusions**

- 9 With the loss of three quarters of the future flow of capital receipts available to the General Fund it will be increasingly difficult to fund the programme year on year without eroding the Council's own pool of capital receipts or revenue reserves. There will be revenue consequences in the form of lost interest on balances. The use of the former DSO balances as a vehicle depreciation reserve to fund part of the vehicle replacement programme will continue and will lessen to some extent the Council's reliance on capital receipts.
- 10 The funding statement demonstrates that given assumptions regarding the level of future capital receipts and spending, capital receipts available to fund capital investment will have fallen to some £4.5m by 31 March 2008. It is likely that additional capital investment needs will emerge during this timescale that will put further pressure on this figure.

RECOMMENDED that subject to any change that the Committee determines, the Capital Programme as presented be recommended to the Council for formal approval on 15 February 2005.

Background Papers: Service Plans, Corporate Plan.





**Committee:** Resources Committee  
**Date:** 03 February 2005  
**Agenda Item No:** 6  
**Title:** Housing Benefit Anti-fraud Policy  
**Author:** Michael Perry (01799) 510416

### **Summary**

- 1 In November 2003 this Committee approved an anti-fraud policy in relation to housing benefit and council tax benefit. Good practice requires that such policies should be reviewed regularly. The current policy (which is attached at Appendix A) requires amendment to take account of the management restructuring which occurred in June 2004, to reflect a change in Council policy which requires employees who may be involved with housing benefit or council tax benefit to sign a declaration upon their taking up employment and to amend and clarify the Council's policy with regard to sanctions. This report is to propose amendments to the policy to members and to recommend that they adopt the revised policy which appears at Appendix B as the Council's anti-fraud policy for housing benefit and council tax benefit.

### **Background**

- 1 When the current policy was adopted the Benefit Fraud Team formed part of the IT and Fraud section. The team was led by a Fraud Manager who reported to the Head of IT and Benefit Fraud. As a result restructuring the Benefit Fraud Team is now managed by the Executive Manager, Corporate Governance and the investigators report directly to him. The suggested revised policy at Appendix B reflects this change in the management structure.
- 2 Since the current policy was introduced the Council have decided to require persons employed to work in connection with housing benefit and council tax benefit to sign a declaration to indicate whether they are in receipt of housing or council tax benefit (whether as a landlord, tenant, or agent), whether they have been convicted of a benefit fraud or had another sanction in respect of a benefit fraud, whether they have been subject to a disciplinary action as a result of benefit fraud or suspected fraud and whether they have ever been refused employment as a result of a fraudulent statement or claim. The declaration contains an acknowledgement that any changes with regard to that declaration must be notified to the Executive Manager, Customer

Services. It is considered desirable to include a reference to this declaration in the policy statement and to append a copy of the declaration thereto.

- 3 The current policy is in one important respect inconsistent with Government guidance and in general lacks clarity as to the circumstances in which a prosecution may be brought. Government guidance is that a caution should not be offered in cases where the amount of overpayment exceeds £400. The current policy suggests that where the overpayment is less than £1,000 a prosecution may not follow. It is suggested that the policy be amended to reflect Government guidance. The current policy also suggests that a prosecution would be suitable where the fraud has been going on for a long period of time but there is no guidance as to what this period should be. It is suggested that a period of 6 months would be appropriate. Additional indicators for prosecution are also suggested, namely that the claimant fails to respond to a request for information which would identify a potential overpayment or where there is evidence that a claimant has acted dishonestly. With regard to indicators against prosecution these have been slightly reworded to stress that mitigation is properly a matter for the courts to take into account and that a decision not to prosecute should only be taken if the wider public interest requires it.

Recommended: that members adopt Appendix B as being the Housing Benefit and Council Tax Benefit Anti-fraud Policy for the Council.

Background papers: None



















**Uttlesford District Council**

**Housing Benefit & Council Tax Benefit**

**Anti-Fraud Policy**

**PART 1 - Introduction**

- 1.1 Uttlesford District Council (The Council) is committed to maximising the award of benefit to those who are entitled to receive it, and assisting in the alleviation of poverty and deprivation (see Benefits Vision Statement and Policy Objectives, approved by the Council in September 2003). Benefit staff, including fraud investigators, have a role to play in ensuring that claimants receive the correct benefit applicable to their circumstances. The Council has to distinguish fraud from the genuine mistakes or misunderstandings caused by the complexities of the schemes.
- 1.2 However, the Council acknowledges that some people will attempt to obtain benefits or continue to receive benefits to which they are not entitled. Where this is the case, the Council will consider the circumstances of the individual and, where appropriate, apply a formal sanction. A copy of the Council's Sanctions Policy is attached as Appendix One.

**PART 2 - Staff roles / training**

- 2.1 The success of the Council's anti-fraud policy is dependant upon the active involvement and co-operation of all staff within the Council. In particular, Benefits staff are expected to refer all cases where benefit fraud is suspected promptly to the Anti-Fraud Team.
- 2.2 The Anti-Fraud team, which is established and well-trained, embrace all the latest investigation techniques and apply all relevant legislation. The Team is responsible for following up any suspicion or allegation of benefit fraud from many sources including data matching, anonymous sources, staff referrals etc.
- 2.3 The Executive Manager Corporate Governance oversees the work of the Anti-Fraud Team. This officer formally reviews the caseload of the team on a two weekly basis. In addition, key decision stages are built into the investigative process, at which formal approval is required before any further action is taken.
- 2.4 The same expectation is also made of staff who collect evidence on behalf of the Benefits Section; for example housing officers, Council Tax staff and receptionists. Staff should be vigilant when handling documents and ensure that any irregularities are brought to the attention of the Anti-Fraud Team.
- 2.5 It is not acceptable for any member of staff to ignore a potential fraud. To encourage a culture of openness and honesty staff are advised that they can report any concerns in confidence and without fear of reprisal ~ see PPN 61: Confidential Reporting Code.
- 2.6 The Council also actively encourage referrals from the public. All calls are treated in confidence and are dealt with by investigations staff that have been trained to elicit the most pertinent information from a caller. The Council provide a freephone telephone service for the public to ring and report their suspicions.

- 2.7 Training - All new staff joining the Benefits Section will receive fraud awareness training and are given the opportunity to accompany investigation or verification framework visiting officers on visits to benefit claimants, to gain an insight into what is expected of them.
- 2.8 Additionally refresher fraud awareness will be delivered to all benefits staff annually. Staff working in other areas of the Council who are required to handle documents or deal with benefit customers will also receive fraud awareness training or guidance.
- 2.9 It is vital that Investigation and Visiting Officers undertake appropriate training to guarantee the quality of their work. It is the Council policy that all investigators are qualified to PINs standard. This qualification provides evidence that all investigators are competent to comply with all appropriate legislation e.g. Regulation of Investigatory Powers Act (RIPA), Police and Criminal Evidence Act (PACE), Criminal Procedures and Investigation Act, etc.
- 2.10 Training requirements for investigators are reviewed annually, as part of the appraisal process, or more frequently following the introduction of new legislation. This ensures that investigation techniques and procedures are kept fully up to date.
- 2.11 **Integrity** – The Council's expectation is that staff and Members will lead by example in ensuring adherence to rules, procedures and recommended practices. It is a requirement that staff declare any personal or prejudicial interest when dealing with benefit claims. To ensure that they act with impartiality at all times employees should not personally deal with benefit claims submitted by a spouse, partner, relative or friend.
- 2.12 If a benefit claim or any supporting documents are received as detailed above, the case should immediately be brought to the attention of the employee's supervising officer who should arrange for another officer to deal with the claim.
- 2.13 Staff should never access any secure systems on behalf of, or to gain information about, anyone, other than as required for the purposes of carrying out their normal duties. Failure to comply with the relevant policies and procedures could render an employee liable to disciplinary action, which may include dismissal.
- 2.14 It is an unfortunate fact that staff working within the Council sometimes commit fraud. Robust recruitment and selection procedures militate against employing staff that falsify qualifications and experience in order to secure employment. Good practice and procedures on recruitment and selection, as advised by Personnel staff, must be strictly adhered to. Proof of qualifications must always be obtained before a candidate is offered employment.
- 2.15 Should however, a member of staff be suspected of committing benefit fraud, the Anti-Fraud team will carry out an investigation in the normal way. The employee's Executive Manager and The Executive Manager Human Resources will be notified promptly of the outcome of any sanctioned action.
- 2.16 **Potentially Violent (PV) action** – Violence, intimidation, threats or abusive behaviour to the Council's employees is unacceptable and will not be tolerated. Incidents of such behaviour will, when circumstances justify, be reported to the Police. Persons who are deemed to be a potential threat to staff will also have their names placed on the Councils Visiting Officer Register in accordance with the laid



down procedure. The purpose of the register is to enable managers to devise appropriate strategies to protect staff who may be at risk. These might include:

- (a) Only allowing the potentially violent persons to be interviewed by prior appointment;
- (b) Only visiting the person/premises by pre-arranged appointment;
- (c) Ensuring the person/premises are not visited alone;
- (d) Ensuring the person is not interviewed alone;
- (e) Only visiting in conjunction with other agencies (e.g. the police).

- 2.17 Before carrying out visits, benefit & investigations staff must check the register.
- 2.18 A number of additional procedures and protocols have been put in place to improve investigation staff safety when making visits. These are set out in the Investigators Procedure Manual, which is issued to all investigations staff. These procedures must be closely adhered to at all times. All Investigation and Benefit Visiting staff receive training in dealing with handling violent and aggressive situations.
- 2.19 **Feedback** - It is important that staff receive feedback on the cases that they have referred to the Anti-Fraud Team to encourage an anti-fraud culture and to motivate staff to make further referrals. Staff should rightly feel gratified when a case that they have referred results in a fraud being stopped or prevented.
- 2.20 At the completion of an investigation, the Anti-Fraud Team, on a case-by-case basis, give feedback to benefits staff on the outcome of investigations. Although the Anti-Fraud Team is bound by confidentiality rules and cannot give the same level of feedback to staff working in other areas of the Council, they do give general feedback on the success rates of their referrals. Details are provided in the Anti-Fraud Team's annual report.
- 2.21 Additionally, quarterly reports are run from the system that identifies who has referred cases. These reports are provided for Executive Managers and Team Leaders so they can monitor staff performance in this area. They are also used to help target fraud awareness training more effectively.
- 2.22 IT security – Housing benefit-related data requires a high degree of confidentiality and security. The Council's detailed policy on IT security, as contained within PPN 63 IT Acceptable Use Policy (a copy of which is available via the Intranet) should be adhered to at all times. In particular, attention should be paid to password security, use of Council IT equipment, data protection and Incident Reporting.

### **PART 3 - Prevention / Process**

- 3.1 The Council is committed to maximising the award of benefit to those who are entitled to receive it. However there are those who attack the benefits system and take money from customers in genuine need and consequently, safeguards need to be built into our procedures to prevent fraud entering the benefits system. The Council does this in many ways:-
- (a) **Verification Framework** - The Council has fully implemented the national Verification Framework (VF) from the 1st August 2003. This secures the gateway to the system by carrying out more comprehensive cross-checking at new and renewal claim stage and introduces a pro-active in-year visiting programme linked to a formal risk analysis of cases.

- (b) Royal Mail do-not-redirect / Internal data matching - The Anti-Fraud team uses all data matching opportunities such as the Department of Works & Pensions (DWP) Housing Benefit Matching Service, the National Fraud Initiative operated by the Audit Commission and the Royal Mail do-not-redirect service. The team also carry out ad hoc data matching, both with approved organisations and through cross matching of our in-house benefit system with known risk groups, such as taxi drivers.
- (c) Controls / audit's role – The work of both the Revenues Section and the Anti-Fraud Team are subject to regular, independent review by both Internal Audit and the Council's external auditor.
- (d) Remote Access Terminals (RATs) – The Council uses RATs terminals, which link to the DWP computer systems to check claims and prevent fraud. Tight controls exist over the use of these terminals, which are overseen by two named officers within the Council. The Anti-Fraud Team has direct links to the Land Registry to enable checks on land and property ownership to be carried out.
- (e) Service level agreements (SLAs) – The Anti-Fraud team work closely with other organisations including the DWP, the Police and the Rent Officer Service, comparing and sharing information to prevent fraud. Formal Service Level Agreements are in place with the main external agencies and regular liaison meetings are held to monitor the effectiveness of the agreements. The team also work closely with other local authorities sharing best practice. The team are also members of the Local Authorities Investigation Officers Group and sit on the committee of the Essex Investigations Group.
- (f) Hotlines - Members of the public are encouraged to report concerns they may have to the Anti-Fraud Team. To encourage referrals from the public a free-phone Hotline is provided. This is advertised in a number of ways, including press releases, advertisements in newspapers etc, on Council Tax leaflets etc.
- (g) Joint investigations – The Anti-Fraud team carry out joint investigations with the DWP Counter Fraud Investigation Service and have reciprocal arrangements in place to recover overpayments.

#### **PART 4 - Detection**

- 4.1. Upon receipt of a report of a suspected housing benefit fraud, whether from a member of the staff or the public, the Investigating Officer will:-
- (a) Deal promptly with the matter.
  - (b) Record all evidence received.
  - (c) Ensure that evidence is sound and adequately supported and secure.
  - (d) Liaise with other agencies and departments e.g. Department for Work and Pensions Counter Fraud Investigation Service, Internal Audit where appropriate, Police, other departments of the Council and other Local Authorities.
  - (e) Arrange for the claimant's entitlement to be independently re-assessed by the Revenue Section, on the basis of new information gathered by the investigations staff.
  - (f) Consider, in light of the evidence, which type of sanction, if any, should be applied (see Part 5 below).

- 4.2 All investigations are carried out in accordance with the provisions of PACE, RIPA, Human Rights Act and other relevant legislation / best practice policy in operation at the time.

### **Part 5 - Sanctions**

- 5.1 The Anti-Fraud Team has undertaken prosecutions for the most serious cases of benefit fraud since 1997. From 2001 the range of sanctions available was extended to include formal local authority cautions and administrative penalties.
- 5.2 The choice of sanction applied to any particular fraud depends upon a number of factors. Further details are contained within the Sanctions Policy, attached as Appendix One.
- 5.3 Where appropriate, the Council carry out joint prosecutions and sanctions with the DWP Counter Fraud Investigation Service and have arrangements in place to recover overpayments.
- 5.4 In addition to the application of a formal sanction, it is the Council's policy to actively recover all instances of fraudulently obtained housing benefit. Where necessary, such overpayments will be pursued through the civil courts.

### **PART 6 - Deterrents**

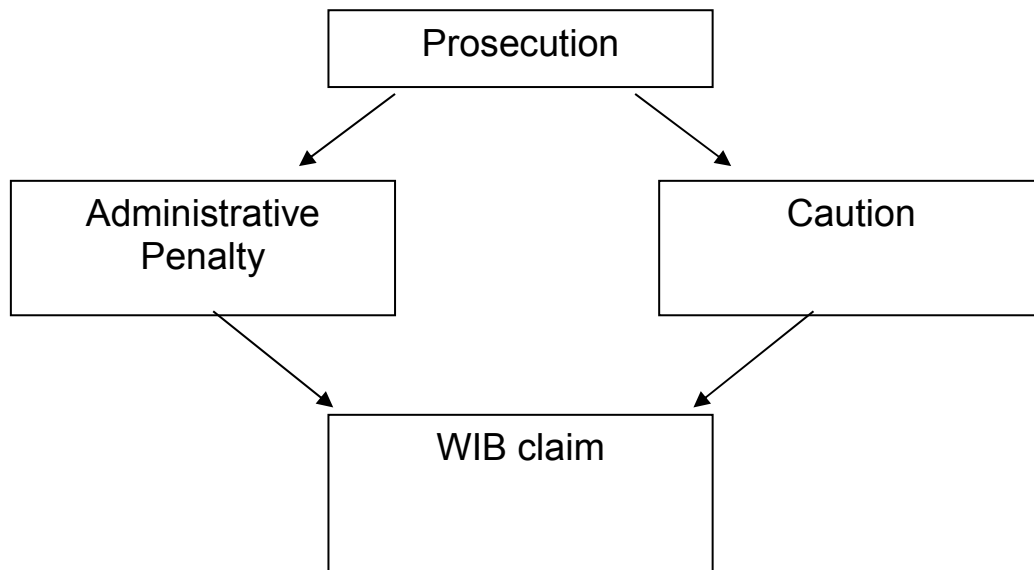
- 6.1 Press releases are issued for all successful prosecutions, in order to publicise benefit fraud cases, as a deterrent to those who seek to defraud the Council. The Council also publicises its work through newspaper articles, advertisements on Council Tax literature etc and posters placed in public buildings.
- 6.2 The Council website ([www.uttlesford.gov.uk](http://www.uttlesford.gov.uk)) gives details of the work of the Anti-Fraud Team, including information about the type of frauds dealt with by the Council. The website contains a form to enable the public to report suspicions of fraud.

**Appendix One**

**Uttlesford District Council**

**Sanctions Policy**

1. Where a benefit claimant obtains, or attempts to obtain, benefit to which they are not legally entitled, the Council will apply one of the formal sanctions available to it under the Social Security Administration (Fraud) Act 1997.
2. The Council operates the following “top down” method of determining the appropriate sanction:



**Prosecution**

3. All cases should be considered as potential prosecutions. Examples of cases suitable for prosecution would include those where:
  - (a) The claim has been prepared with the sole purpose of obtaining benefit by deception.
  - (b) The fraud has been going on for a long period of time (e.g. over six months).
  - (c) A review has been completed and the claimant does not inform the Council of changes in circumstances.
  - (d) The claimant has failed to respond to a request from the Council for information which (if correctly given) would identify a potential overpayment
  - (e) The claimant is a repeat offender.
  - (f) A previous signed statement indicating no changes is proved to be untrue.
  - (g) The overpayment exceeds £400.00.
  - (h) There is evidence that the claimant has acted dishonestly.
4. Consideration should be given to any mitigating facts. These may include:
  - (a) Severe debt.
  - (b) Mental illness.
  - (c) Death of a close family member.

- 5 Whilst mitigating circumstances can influence the sanction applied, mitigation is generally a factor to be taken into account by the court when sentencing. Therefore a potential prosecution should not be stopped on the grounds of a mitigating circumstance unless the wider public interest would be better served by not proceeding. If there is any doubt as to the suitability of a case for prosecution the final decision should be made by the Executive Manager Corporate Governance.
- 6 Any cases where the overpayment is above £400 and no prosecution is undertaken must be fully documented with appropriate reasons for not prosecuting.
- 7 All successful prosecutions must be publicised. This would involve:
  - (a) Faxed press release to the local newspapers.
  - (b) Letter to Member(s) representing the Parish of the offender informing them of the prosecution.
  - (c) If appropriate, faxed press release to other newspapers/magazines to target specific groups e.g. dog magazines for convicted dog breeders.

### **Administrative Penalty**

- 8 Where it is deemed that a case is not suitable for prosecution, consideration should be given to administering a fixed 30% penalty, based on the overpayment figure.
- 9 However, before an Administrative Penalty can be considered there should be sufficient evidence to enable a prosecution to take place, should the person refuse to accept the penalty. Consideration should also be given to the ability of the claimant to pay the penalty without causing undue hardship.

### **Caution**

- 10 Were it is deemed that a case is not suitable for prosecution and the claimant's financial circumstances render an Administrative Penalty inappropriate, consideration should be given to the issue of a formal Caution. However, before a Caution can be considered there must be sufficient evidence to enable a prosecution to take place, should the person refuse to accept the caution.

### **Weekly In-Benefit Savings (WIBS)**

- 11 Where none of the above sanctions are applicable, the Council will still seek recovery of any overpayment. In addition, a claim will be made for WIBS subsidy, an additional sum payable to the Council as part of the benefit subsidy system. In order for the WIBS claim to be classified as fraud, intent must be demonstrated.
- 12 It is the Council's opinion that any or all of the following actions of a claimant can demonstrate intent:
  - (a) Failing to declare a change of circumstances despite a reasonable period of time having elapsed.
  - (b) Submitting review forms and failing to declare the change.
  - (c) Signing a statement notifying the Council of no changes, which subsequently turns out to be untrue.
  - (d) Previously notifying the Council of a different change in circumstances

This list is not definitive but merely an indication of what is expected. It is the responsibility of the investigator to justify, in each case, the recording of a fraud WIB.

## **Recording of Sanctions and WIBS**

- 13 Whichever sanction is chosen the rules for recording and reporting, in force at that time, must be followed in full. Failure to comply with legislation may result in the sanction rewards being withdrawn.

Last Reviewed: February 2005

## STAFF DECLARATION

In order to comply with best practice and guidance issued by the Audit Commission, the Department for Work and Pensions and the Council's own Anti-Fraud Policy, all new staff offered a position within the Benefits and Council Tax sections, the Anti-Fraud Team and certain other officers are required to sign a declaration as a condition of their appointment.

|  |     |    |
|--|-----|----|
| Please delete as appropriate   |     |    |
| Are you in receipt of housing or council tax benefit?  | Yes | No |
| Are you a landlord or agent in respect of a housing benefit claimant?                              | Yes | No |
| Do you share a household with anyone who receives housing benefit or acts as a landlord or agent?  | Yes | No |
| Have you ever been found guilty of benefit fraud?  | Yes | No |
| Have you ever had a formal caution for benefit fraud?  | Yes | No |
| Have you ever had an admin penalty imposed against you for benefit fraud?                          | Yes | No |
| Have you ever been subject to disciplinary action as a result of benefit fraud or suspected fraud? | Yes | No |
| Have you ever been refused employment as a result of a fraudulent statement or claim?              | Yes | No |

Please note that if you answer 'Yes' to any of the above questions, you may be required to provide further details.

Please note you are expected to notify the Head of Revenues Services of **any** changes to the above immediately.

I \_\_\_\_\_, declare that to the best of my knowledge, the above responses are true and accurate and that if I knowingly give any false information then this may lead to disciplinary action being taken against me and that my contract will be terminated.

I understand that I am **required** to notify the Executive Manager Customer Services immediately of any changes to the above and that if I fail to do so I may be subject to investigation and disciplinary action which may affect my employment with Uttlesford District Council

Signed: \_\_\_\_\_ Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Date: \_\_\_\_\_



**Committee:** Resources  
**Date:** 03.02.05  
**Agenda Item No:** 7  
**Title:** Matched Volunteering  
**Author:** Carole Hughes (01799) 510407  
Alex Stewart (01799 510555)

### **Summary**

- 1 Members are requested to support the introduction of a matched volunteering agreement for employees. The introduction will support the local community, build on the working relationship we have with the voluntary sector and community groups and encourage and support the ethos of life long learning.
- 2 It is recommended to Members that a matched volunteering agreement, on an hour by hour basis of up to 7.5 hours per annual leave year, is offered to employees who volunteer in their own time
- 3 The Uttlesford Volunteer Bureau is offering to run an open day from the Council Offices to advise and inform employees of the options available.
- 4 Although there will be a financial cost to the organisation if the matched time off is approved the intangible benefits will be for example increased staff morale, an increase in life long learning, closer links to our communities, increased awareness of issues.

### **Background**

- 5 The concept of encouraging staff to volunteer is not new; organisations like Barclays Bank plc and Nationwide Building Society have engaged with the voluntary ethos for many years. It is considered that it benefits employees and local communities as people are involved from the grass roots level.
- 6 Anyone offering their time and energy to a voluntary or community group will receive training and development opportunities that are often different to those they access through their jobs and can be a stimulating experience. Many people don't volunteer because they work and although they have an interest in their local community or local voluntary groups they have only a little time to give. Voluntary groups are often volunteer poor and would welcome large and small amounts of volunteer time be it on one off projects or throughout the year.

- 7 Members are supportive of the voluntary community and are working with the local Council for Voluntary Services in a variety of ways the most visible by leasing the Great Dunmow offices to create a 'hub'. By its very nature a Council is at the centre of its various local communities and a member of a partnership involved in meeting their needs. The voluntary and community agencies form another integral part of this partnership.

**IT IS RECOMMENDED THAT**

1. A matched volunteering agreement for employees, on an hour by hour basis up to 7.5 hours per annual leave year, is introduced and offered to employees who volunteer in their own time.
2. If Members support 1 above that they task Executive Manager Human Resources to introduce and to host an open day with UCVS to encourage volunteering amongst our employees.

**Committee:** Resources  
**Date:** 03.02.05  
**Agenda Item No:** 8  
**Title:** Medical Retirements  
**Author:** Carole C W Hughes (01799) 510407

#### Summary

- 1 This report is submitted for information to advise Members that two employees retired on the grounds of ill health. Approval under delegated authority was given by the Chief Executive and the Chairman of Resources.

#### Background

- 2 Following the long term illness of an employee in Financial Services and another in Customer Services medical assessments by the Occupational Health Team of Addenbrookes confirmed the employees were permanently unfit for work.
- 3 When this confirmation is provided and the employee is in the Local Government Pension Scheme they become entitled to be retired and receive and ill health pension. The ill health retirement pension criteria are very strict and the Occupational Health Physician must be certain they apply before offering any advice.
- 4 Under their delegated authority the Chief Executive, Alasdair Bovaird, in consultation with the Chairman of Resources, Cllr Gayler formally agreed that ill health retirement, on the grounds permanent incapacity to work, should take place.
- 5 In order to complete termination of employment and in full and final settlement pay in lieu of notice and holiday pay was paid to the employees and the last days of employment with the authority 31 October 2004 and 18 November 2004. Costs are shown below.

#### Financial Implications

The Essex County Council Pension Fund will meet all superannuation benefits.

|                                 |           |
|---------------------------------|-----------|
| Employee 1                      |           |
| 12 weeks pay in lieu of notice: | £6,299.31 |
| Pay for accrued annual leave:   | £3,030.62 |
| Pay for TOIL                    | £ 293.42  |

**Total amount payable by UDC**

**£9,623.35**

Employee 2

The Essex County Council Pension Fund will meet all superannuation benefits

12 weeks pay in lieu of notice:

£4,508.38

Pay for accrued annual leave:

£1,803.36

**Total amount payable by UDC**

**£6,311.74**

**FOR INFORMATION**

**Committee:** Resources  
**Date:** 3.2.2005  
**Agenda Item No:** 9  
**Title:** Review of the Courier Service  
**Author:** Carole C W Hughes (01799) 510407

### Summary

1. Members agreed last year that a pilot courier service be introduced on a twice weekly basis. This report advises Members of the costs associated with the pilot and seeks a decision on the future of the service.
2. Members are requested to consider whether they wish the courier service, which offers secure delivery of mail but at a greater cost to using Royal Mail, should continue or cease.
3. If Members wish the courier service to continue there will be a need to permanently employ a member of staff and there will be a slight increase on the current costs due to the casual nature of the pilot arrangements. On comparing the courier service with the Royal Mail the courier service has increased costs by £4196.50. Members may consider this a reasonable increase when considering the security and timeliness of courier delivery of their papers compared to our previous experiences with Royal Mail.

### Background

4. The Courier Service was introduced last year on a pilot basis in order to provide a confidential postal service to Members home addresses twice a week. Mail was delivered directly and securely rather than relying on Royal Mail.
5. After a settling in period the drivers found a route of approximately 115/20 miles per day. The route, including breaks, is covered in approximately 9 hours and each courier run costs approximately £92.50. This figure includes on costs and approximate fuel usage.
6. Early on in the pilot the courier was cancelled due to lack of mail and Royal Mail was used but this has not occurred since the Chief Executive advised employees that in order for the pilot to be effectively assessed the courier was to be used and only with his consent could the external mail service be used.

7. The Mail Room Team have been weighing the post taken by courier and recording the costs for comparison purposes. There have been 70 courier runs and only 2 of these would have cost more to post out using Royal Mail. 82% of the runs would have cost less than £50 to post out. (Please see appendix A for a breakdown of costs by date and by ascending costs). A comparison of costs are as follows:

|  |          |                     |
|--|----------|---------------------|
| <b>Potential Royal Mail costs</b> (April 04 –mid Jan 05)             | £2278.50 | See attached tables |
| <b>Actual Courier costs</b>  | £6475    | (70 runs x £92.50)  |
| <b>Increase cost of using courier service</b> (April 04 –mid Jan 05) | £4196.50 |                     |

8. The Democratic Services Section have expressed concern about the constraints imposed by the service and these will be explained at the meeting.

**RECOMMENDED THAT**

Members decide whether the security, timeliness and delivery time of the courier service and the associated increased costs outweighs the reduced costs of using Royal Mail and advise whether the courier service should continue or cease.

