

COUNTER FRAUD PROGRESS REPORT

Date: 28 February 2024

Annex 2





BACKGROUND

- 1 Fraud is a significant risk to the public sector. The government estimated that between £33.2 and £58.8 billion of public spending was lost to fraud in 2020/21¹. Financial loss due to fraud can reduce a council's ability to support public services and can cause reputational damage.
- 2 Veritau delivers a corporate fraud service to the council which aims to prevent, detect and deter fraud and related criminality. The counter fraud team investigate allegations of fraud, plan and take part in counter fraud campaigns (eg the National Fraud Initiative), undertake fraud awareness activities with staff and the public, and maintain and update the council's counter fraud framework and associated policies.
- 3 The purpose of this report is to update the Committee on counter fraud activity in 2023/24.



FRAUD MANAGEMENT

- 4 A key objective for the counter fraud team is to raise awareness of fraud with members of staff and the public. International Anti-Corruption Day was marked in December by providing information to employees about the risks of bribery and money laundering faced by the council. This followed earlier exercises during International Fraud Awareness Week in November, Cyber Security Awareness Month in October, and World Whistleblowers' Day in June.
- 5 The team recently provided training to employees of Gough & Kelly who are responsible for allowing blue badge holders access to the city centre. The session was designed to assist the employees to identify if non-badge holders attempt to misuse legitimate or fake blue badges to gain access.
- 6 Fraud awareness training has also been provided to staff working within revenues, benefits, procurement, and customer services in 2023/24.



MULTI-AGENCY WORK

- 7 The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all councils and other public sector bodies in the UK. The work of the NFI is overseen by the Public Sector Fraud Authority (PSFA) and the exercise runs every two years. The results of the 2022/23 data matching exercise (7500 data matches) are currently being reviewed by the counter fraud team and other services across the council. To date 6500 matches have been reviewed.
- 8 In December the council successfully applied to take part in a housing fraud pilot data matching exercise run by the NFI. It is one of only twenty local authorities chosen to take part. The counter fraud team assisted the council to provide housing data which will be matched against a range of data sources to help identify council properties that may be potentially being

¹ [Tackling fraud and corruption against Government](#), National Audit Office

misused. We will report on the outcomes from this exercise in future reports to the Committee.

- 9 The council are required to respond to requests for information from the Department for Work and Pensions (DWP) who investigate Housing Benefit fraud. In cases where council tax support is in payment, the counter fraud team can jointly investigate with DWP counterparts. The team have responded to twenty-seven requests for information to date this year.

INVESTIGATIVE WORK

- 10 In 2023/24, the counter fraud team has received 285 reports of suspected fraud. These cover areas including adult social care, housing, council tax, council tax support, internal fraud, parking and blue badge, and business rates.
- 11 Up to 31 January 2024, the counter fraud team helped the council to make £156k in savings following investigation work. The team has completed 98 investigations and there are currently 70 investigations ongoing.
- 12 Three people have been successfully prosecuted in 2023/24. Four internal fraud investigations have been completed. Twenty-five people have been issued with formal warnings about their conduct. Eleven residential parking permits have been removed from owners of holiday lets. In addition, the team has helped the council verify forty-six Right to Buy applications, resulting in one application being blocked.
- 13 A summary of investigative work can be found in appendix A, below.

APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2023/24

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2023/24.

	2023/24 (As at 31/01/24)	2023/24 (Target: Full Yr)	2022/23 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£156,170	£200,000	£263,715
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	59%	30%	50%

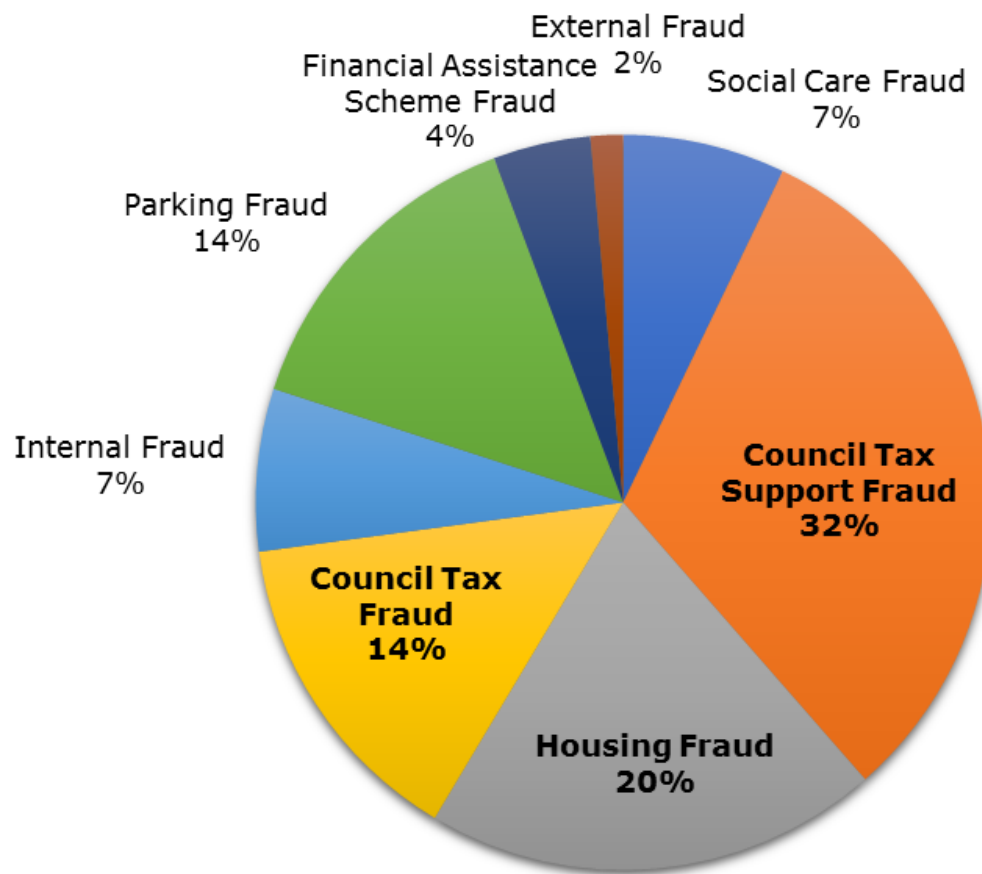
Caseload figures for the period are:

	2023/24 (As at 31/01/24)	2022/23 (Full Year)
Referrals received	285	319
Number of cases under investigation	70	85 ²
Number of investigations completed	98	146
Number of verifications completed ³	47	54

² As at the end of the financial year (ie 31/03/2023)

³ Verification cases are reviews of applications for Right to Buy and school placements.

The chart below shows the proportion of different case types under investigation as at 31 January 2024.



Activity	Work completed or in progress
Fraud detection and investigation	<p>The service promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none">• Adult Social Care fraud – The team has completed three investigations in this area and five are ongoing. Fraud in this area relates to deprivation of capital, financial abuse, direct payment fraud, and abuse of position. Investigative work has assisted the council to recover £85k to date.• Housing fraud – There are fourteen investigations ongoing in this area. The majority of cases relate to sub-letting and abandonment of council properties, but the team also investigates false applications to the Housing Register, for Right to Buy purchases, and for Homelessness. Fifteen investigations have been completed to date.• Internal fraud investigations – Four internal fraud investigations have been completed. There are five ongoing.• External (or third party) fraud – Fraud in this area relates to financial scams perpetrated against the council, eg mandate fraud or cybercrime. Four investigations have been completed and one is ongoing.• Council Tax Support fraud – Twenty council tax support (CTS) investigations have been completed and there are twenty-two cases under investigation. Fraud in this area can occur when claimants provide false information when they apply, or fail to declare changes to their circumstances, relating to income or capital. Seven CTS claimants have received formal warnings in 2023/24. Work in this area has resulted in £27k of savings for the council.• Council Tax and business rates fraud – Council Tax fraud often involves households falsely claiming single person discount, however other types of discounts can also be abused. Business rate fraud relates to false or incorrect claims for discounts like small business rate relief. Fourteen investigations have been completed this year and ten are ongoing.• Parking fraud – Parking fraud usually relates to blue badge abuse however, there have been a rising number of investigations of misuse of residential parking permits by owners of holiday lets. Thirty-two investigations have been completed – twenty relating to blue badges and twelve to

Activity	Work completed or in progress
	parking permits. Three people have been successfully prosecuted and nine others have received formal warnings for the misuse of blue badges. Eleven holiday let owners have had their residential permits removed, six of whom were also issued with formal warnings.