


# Counter Fraud Progress Report 2024/25

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## BACKGROUND

- 1 Fraud is a significant risk to the public sector. The Public Sector Fraud Authority estimated that between £39.8 and £58.5 billion of public spending was lost to fraud in 2021/22<sup>1</sup>. 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 2024/25.



## COUNTER FRAUD MANAGEMENT

- 4 The counter fraud team recently began a pilot compliance project to help prevent fraud and loss of council funds. This aims to make an early intervention when information is received that indicates a member of the public has failed to report a change in their circumstances affecting their entitlement to council tax support or a council tax discount – but the value involved makes it uneconomic to investigate as a potential fraud. In this situation a form is sent to the person in question asking them to provide an update to the council. No action, eg sanction, fine or prosecution, is taken against a member of the public who reports that their claim or discount is incorrect, but they are asked to repay any loss to the council. If a member of the public fails to respond to multiple requests for information, then the counter fraud team will evaluate all information held about the customer and a recommendation will be made to the relevant service on how to proceed. This could include the cancellation of the discount in question. To date 24 cases have been identified as suitable for compliance.
- 5 Veritau represented council partners, including City of York Council, in May at a meeting with the Public Sector Fraud Authority leadership team and Baroness Neville-Rolfe, Minister of State (Cabinet Office) for the last government. The meeting focussed on sharing best practice and increased collaboration between Local Authorities and Government to combat public sector fraud<sup>2</sup>.
- 6 The council participated in a National Blue Badge Day of Action in May 2024. One hundred and forty councils from across the country took part in the exercise which seeks to address and raise awareness of the misuse of blue badges. Counter fraud and council officers undertook checks on 74

<sup>1</sup> [Cross Government Fraud Landscape Report 2021-22](#), Public Sector Fraud Authority

<sup>2</sup> ["Trailblazing" councils save millions working with government counter fraud squad](#), HM Government

badges in York to confirm they were being used correctly. Two penalty charge notices were issued.

- 7 Raising council employees' awareness of the signs of fraud, how to prevent it, and where to report it is an important function of the counter fraud team. Information highlighting the council's whistleblowing policy and the importance of cybersecurity have been disseminated to council employees this year.
- 8 Training has been provided to the Procurement team, the team responsible for delivering Home Upgrade Grants, the Housing department, the Schools Admission team, and the Children's social care team. The training focussed on how to spot false or forged documents. It covered how the counter fraud team investigates cases, what types of fraud affect the council and how council employees can identify other signs of fraud and report them.



## MULTI-AGENCY WORK

- 9 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 counter fraud team ensured that the council met government datamatching requirements and best practice. Data from council departments has been gathered and securely sent to the PSFA in October. Matches are expected to be returned in late December.



## INVESTIGATIVE WORK

- 10 Between 1 April 2024 and 31 October 2024, the counter fraud team received 186 referrals of suspected fraud. Fifty-nine investigations have been completed this year and there are currently 79 cases under investigation. Nine people have received formal warnings for fraud relating to the council tax reduction scheme, council tax and business rates discounts, housing applications and the misuse of blue badges.
- 11 Counter fraud savings<sup>3</sup> are tracked by monitoring repayments to the council following fraud investigations and calculating the value of stopping ongoing fraud. To date £183k of counter fraud savings have been identified.

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<sup>3</sup> Counter fraud savings consist of money recovered during the course of the year (debts may have been calculated in previous years as well as the current financial year), the value of applications that would have been successful, eg Right to Buy or Financial Assistance, and 12 months of savings where an ongoing fraud has been stopped through the work of the counter fraud team.

## APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2024/25

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2024/25.

	<b>2024/25 (As at 31/10/24)</b>	<b>2024/25 (Target: Full Yr)</b>	<b>2023/24 (Actual: Full Yr)</b>
Amount of actual savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£183,067	£200,000	£206,854
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	47%	30%	55%

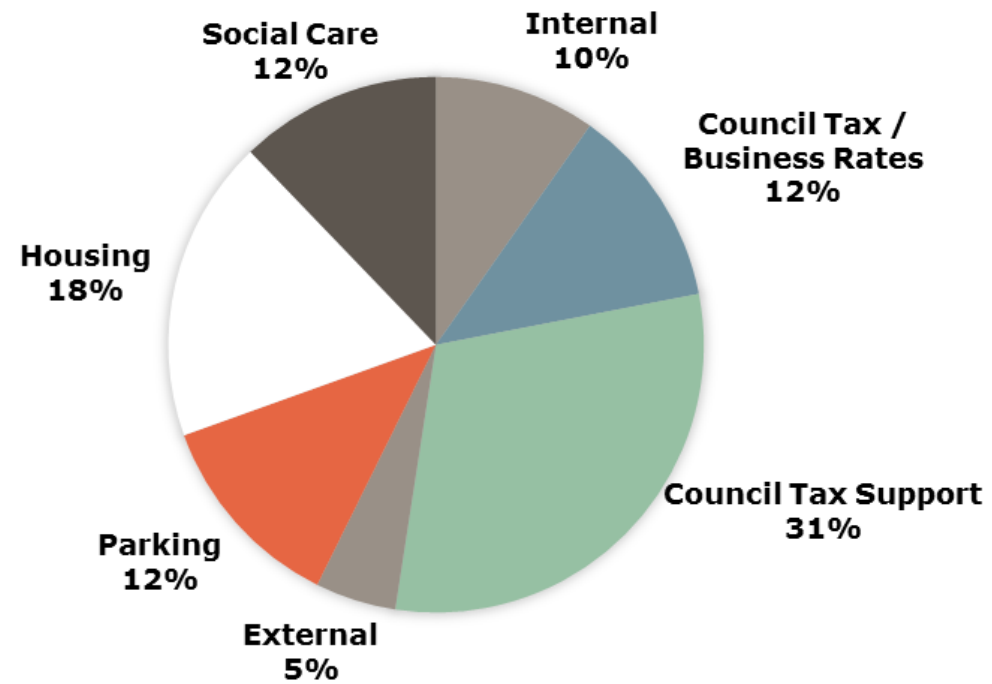
Caseload figures for the period are:

	<b>2024/25 (As at 31/10/24)</b>	<b>2023/24 (Full Year)</b>
Referrals received	186	377
Number of cases under investigation	79	63 <sup>4</sup>
Number of investigations completed	59	119
Number of verifications completed <sup>5</sup>	37	54

<sup>4</sup> As at the end of the financial year (ie 31/03/2024)

<sup>5</sup> 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 October 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"> <li>• <b>Council Tax Support fraud</b> – Ten council tax support (CTS) investigations have been completed and there are 20 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. Work in this area has resulted in £51k of savings for the council.</li> <li>• <b>Council Tax and business rates fraud</b> – 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. Thirteen investigations have been completed this year and ten are ongoing. Savings of £61k have been calculated following fraud investigations in this area.</li> <li>• <b>Adult Social Care fraud</b> – The team has completed four 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.</li> <li>• <b>Housing fraud</b> – 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. Eight investigations have been completed and 38 verification checks made on Right to Buy applications. One council property has been recovered and one Right to Buy application was stopped this year.</li> <li>• <b>Internal fraud investigations</b> – Four internal fraud investigations have been completed. There are eight ongoing.</li> <li>• <b>External (or third party) fraud</b> – Fraud in this area relates to financial scams perpetrated against the council, eg mandate fraud or cybercrime. Four investigations have been completed and four are ongoing.</li> </ul>

Activity	Work completed or in progress
	<ul style="list-style-type: none"><li data-bbox="483 344 2033 520">• <b>Parking fraud</b> – Parking fraud usually relates to blue badge abuse, however the team also investigate the misuse of residential parking permits by landlords of holiday lets. Ten investigations have been completed – seven relating to blue badges and three to parking permits. Five people have received formal warnings for the misuse of blue badges. One holiday let owner had their residential permit removed and has been issued with a formal warning.</li></ul>