

# COUNTER FRAUD PROGRESS REPORT 2022/23

Date: 15 March 2023

Annex 2





## BACKGROUND

- 1 Fraud is a significant risk to the public sector. The government estimates that the taxpayer loses up to £51.8 billion to fraud and error in public spending every year<sup>1</sup>. Financial loss due to fraud can reduce a council's ability to support public services and 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 up to 31 January 2023.



## FRAUD MANAGEMENT

- 4 Veritau undertakes a range of non-investigative activity to support the development of counter fraud arrangements at the council. The council's counter fraud framework was reviewed and updated in January. This included a revised strategy action plan and fraud risk assessment.
- 5 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 threat of bribery and money laundering to 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.
- 6 Fraud awareness training has also been provided to staff working within adult social care, housing management, housing registrations, housing options and parking enforcement in 2022/23.



## 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 Cabinet Office and the exercise runs every two years. The results of the 2022/23 datamatching exercise have now been released. There are 7,500 matches to be reviewed by the counter fraud team and other teams across the council.
- 8 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

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<sup>1</sup> Fraud and Error (Ninth Report of Session 2021/22), Public Accounts Committee, House of Commons

team can jointly investigate with DWP counterparts. The team have responded to 40 requests for information to date.

## INVESTIGATIVE WORK

- 9 In 2022/23, the counter fraud team has received 256 reports of suspected fraud. These cover areas including adult social care, social housing, council tax, council tax support, internal fraud, parking, and business rates.
- 10 Up to 31 January 2023, the team has helped the council to achieve £143k in savings and £7k in Covid-19 related savings. The team has completed 103 investigations and there are currently 63 ongoing active cases. To date, formal warnings have been issued to 28 people. Two council properties have been recovered. Three internal investigations have been completed. Payments were blocked following two attempts to commit mandate fraud against the council. In addition, the team has helped the council verify 41 applications relating to applications for Right to Buy. One Right to Buy application has been stopped.
- 11 A summary of investigative work can be found in appendix A, below.

## APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2022/23

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2022/23.

	<b>2022/23 (As at 31/01/23)</b>	<b>2022/23 (Target: Full Yr)</b>	<b>2021/22 (Actual: Full Yr)</b>
Amount of actual savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£143,519	£200,000	£205,328
Amount of savings identified relating to Covid-19 grant related fraud	£7,604	n/a	£60,000
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	51%	30%	47%

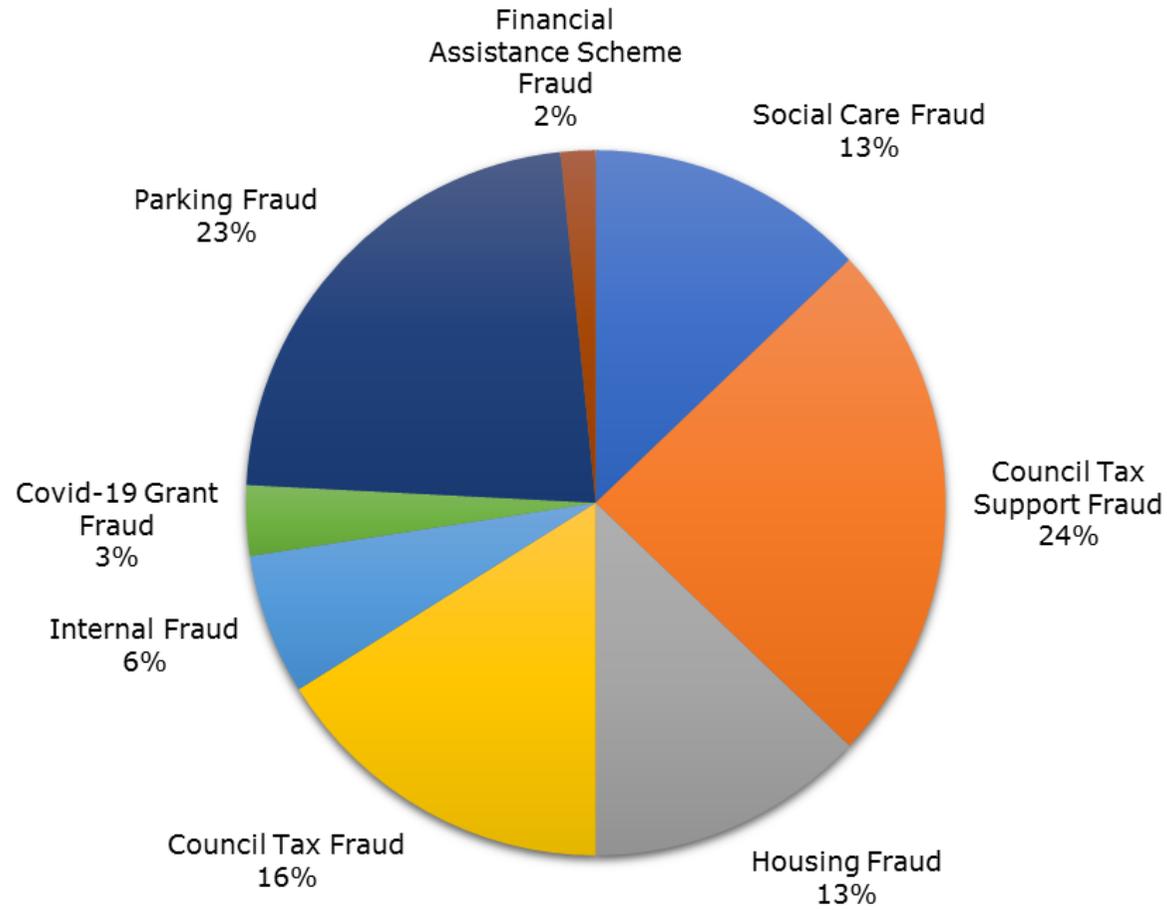
Caseload figures for the period are:

	<b>2022/23 (As at 31/01/23)</b>	<b>2021/22 (Full Year)</b>
Referrals received	256	381
Number of cases under investigation	63	69 <sup>2</sup>
Number of investigations completed	103	133
Number of verifications completed <sup>3</sup>	41	94

<sup>2</sup> As at the end of the financial year (ie 31/03/2022)

<sup>3</sup> Verification cases include reviews of applications for Right to Buy and school placements.

The chart below shows the proportion of different case types under investigation as of 31 January 2023.



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>Housing fraud</b> – Two council properties have been recovered by the council as a result of investigations by the counter fraud team. One property was being illegally sublet to relatives of the tenant and the other had been abandoned. Both properties have now been assigned to people on the housing waiting list. The team have completed fourteen investigations in this area and there are eight cases currently under investigation. Forty-three Right to Buy applications have been examined as part of anti-fraud verification reviews. One Right to Buy was blocked as a result of information gathered in the review process.</li> <li>• <b>Covid-19 related fraud</b> – Investigations relating to Covid-19 grants and payments are now almost complete. There are currently three ongoing cases. Two relate to grants made to businesses and one is a Test and Trace Support Payment made to a member of the public. The team have completed eighteen investigations in 2022/23, resulting in seven written warnings being issued, one referral to the police, and an application being blocked before payment was made.</li> <li>• <b>Adult Social Care fraud</b> – The team has completed six investigations in this area and eight are ongoing. Savings of £53k have been made by the council as a result of investigations.</li> <li>• <b>Internal investigations</b> – Three internal investigations have been completed. There are currently four ongoing investigations.</li> <li>• <b>External (or third party) fraud</b> – The team have completed five investigations to date, and one is ongoing. Two attempted mandate frauds (payment diversion frauds) have been prevented in 2022.</li> <li>• <b>Council Tax Support fraud</b> – Seven investigations have been completed in this area and there are fifteen cases under investigation. Work in this area has resulted in £50k of savings for the council in 2022/23 to date.</li> <li>• <b>Council Tax fraud</b> – Fifteen investigations into Council Tax offences have been completed in 2022/23. Two people have been issued with formal warnings and a further five people have been invoiced for unpaid Council Tax. There are ten ongoing investigations; all but one relate to suspected single person discount fraud.</li> </ul>

Activity	Work completed or in progress
	<ul style="list-style-type: none"><li data-bbox="483 260 1904 327">• <b>Business rates fraud</b> – Two investigations into business rate fraud have been completed in 2022/23. Both resulted in formal warnings being issued.</li><li data-bbox="483 352 2029 563">• <b>Parking fraud</b> – Twenty-six investigations into parking fraud have been completed which resulted in fourteen formal warnings being issued. While most related to the misuse of disabled blue badges there has been an increase in fraud associated with parking permits being used to facilitate parking at holiday accommodation. Where possible businesses or property owners have been billed for not using commercial parking permits and this has resulted in £12k of payments to the council in 2022/23.</li></ul>