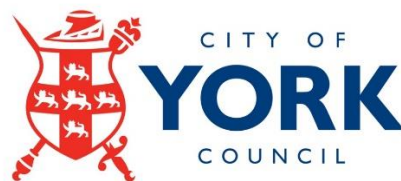


COUNTER FRAUD PROGRESS REPORT 2021/22

Date: 21 January 2022

Annex 2





BACKGROUND

- 1 Fraud is a significant risk to local government. Losses to councils are estimated to exceed £7.8 billion annually in the United Kingdom.¹
- 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 (e.g. 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 between 1 April 2021 and 31 December 2021.



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 has been reviewed and updated for the current committee meeting. This includes a revised strategy action plan, fraud risk assessment, and a new anti-bribery policy.
- 5 A key objective for the counter fraud team is to raise awareness of fraud with members of staff and the public. Fraud awareness training has been delivered to members of staff working within adult social care this year. Further training is planned for the housing department.
- 6 A campaign to mark Cyber Security Awareness Month was delivered to staff in October. Another campaign to mark International Fraud Awareness Week was delivered to staff and the public in November. International Anti-Corruption Day in December was marked by providing information to staff on how to identify and report bribery and money laundering concerns.
- 7 Veritau continue to support the council with Covid-19 related payments, most recently in assisting with checks relating to the newly announced Omicron Hospitality and Leisure grant scheme. The team works with officers to ensure that the council meets government mandated verification, investigation and recovery requirements for all Covid-19 related grant payments.



MULTI-AGENCY WORK

- 8 Work on the 2020/21 National Fraud Initiative (NFI) is ongoing. The counter fraud team is reviewing over 7,300 matches flagged during the current exercise, including 49 matches relating to Covid-19 grant payments. The Cabinet Office has requested further data be provided

¹ Annual Fraud Indicator 2017, Crowe Clark Whitehill

relating to Covid-19 payments made during the second period of lockdown. This data is being gathered and will be securely submitted shortly.

- 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 62 requests for information to date.

DATA MATCHING

- 10 The counter fraud team undertakes regular data matching exercises to detect fraud and error. A recent exercise looking at potential council tax fraud produced seventeen matches for investigation. Two investigations have led to warnings being issued for falsely claimed single person discounts and seven investigations are still ongoing.
- 11 The team is currently developing a new data matching exercise to highlight potential fraud and error within the housing Right to Buy scheme.

INVESTIGATIVE WORK

- 12 In 2021/22, the counter fraud team received 267 referrals of suspected fraud. These cover areas including adult social care, social housing, council tax, council tax support, internal fraud, parking, business rates, the council's financial assistance scheme, and Covid-19 support payments.
- 13 Up to 31 December 2021, the team helped the council to achieve £81k in savings and £10k in Covid-19 related savings. The team has completed 90 investigations and there are currently 79 ongoing. To date, three people have been formally cautioned and warnings have been issued to a further twenty-four. One council property has been recovered. One false application for a school placement has been detected. In addition the team has helped the council verify 87 applications relating to Right to Buy, Covid-19 grants, and school placements.
- 14 The level of savings achieved to date is less at this stage than in previous years (e.g. £292k in 2020 and £234k in 2019). This is primarily due to the impact of the pandemic. For example, there was a reduction in referrals for the types of fraud normally reported to the team and an increase in work associated with Covid-19 grants. The counter fraud team has focussed on meeting government guidelines for the prevention and detection of fraud within Covid-19 grant schemes throughout the pandemic. To date £183k of Covid-19 grants have been recovered or prevented from being paid as a result of work undertaken by the counter fraud team. This year investigation work has started to return to more normal activity and levels. It is expected that savings will recover to pre-pandemic levels although this will take time, as we work through investigations.
- 15 A summary of investigative work can be found in appendix A, below.

APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2021/22

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2021/22.

	2021/22 (As at 31/12/21)	2021/22 (Target: Full Yr)	2020/21 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - e.g. repayment of loss) identified through fraud investigation	£81,384	£200,000	£348,155
Amount of savings identified relating to Covid-19 business grant related fraud	£10,000	n/a	£173,000
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	46%	30%	46%

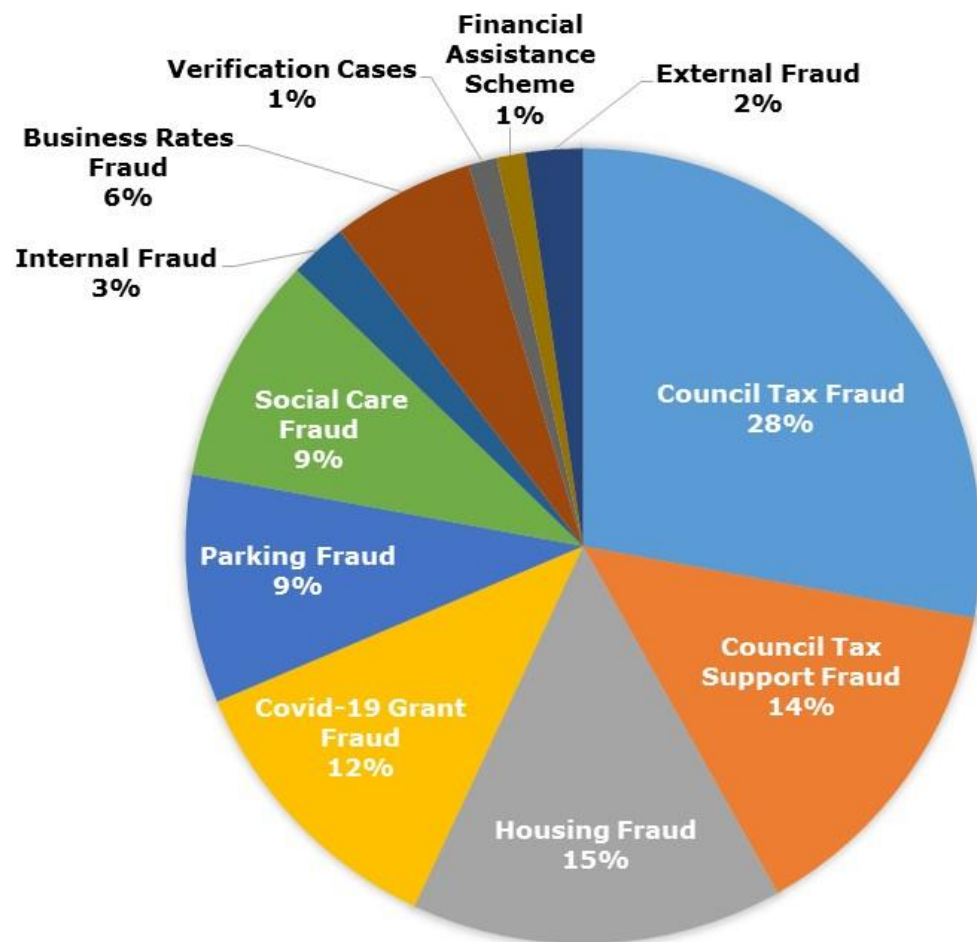
Caseload figures for the period are:

	2021/22 (As at 31/12/21)	2020/21 (Full Year)
Referrals received	267	338
Number of cases under investigation	79	103 ²
Number of investigations completed	90	191
Number of verification cases completed ³	79	35

² As at the end of the financial year (i.e. 31/03/2021)

³ Verification cases include reviews of applications for Covid-19 grants, Right to Buy, and school placements.

The chart below shows the proportion of different case types under investigation as at 31 December 2021.



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"> • Covid-19 related fraud – The counter fraud team have received eleven referrals for potential Covid-19 related fraud this year. Twelve investigations have been completed to date in 2021/22 and there are currently nine investigations ongoing. The team have verified a further seventeen applications as part of a government mandated post-assurance exercise. One verification led to the identification of an incorrect payment made to a business. The £10k grant was subsequently repaid to the council. • Adult Social Care fraud – The team has completed six investigations in this area and eight are ongoing. There have been six new referrals in this area during 2021/22. • Internal investigations – Two investigations have been commenced in 2021/22 to date and three have been completed. • External (or third party) fraud – Four investigations relating to external frauds against the council have been reported this year. These constitute cybercrime and thefts against the council. Three investigations have been completed and two are ongoing. • Housing fraud – Twenty referrals for housing related fraud have been received to date. Twelve investigations have concluded and thirteen investigations are ongoing. The team has helped to verify sixty Right to Buy applications this year. One council property was recovered following a county court hearing. Two warnings were issued to people for giving false information in connection with applications for housing. • Council Tax fraud – Thirty-two referrals for suspected council tax fraud have been received to date and an internal data matching exercise produced seventeen further cases for investigation. Eighteen investigations have been completed in this area and twenty-four are ongoing. Four people have been issued with formal warnings relating to false or incorrectly claimed single person discounts and error was detected in a further three cases. • Business rates fraud – The team has received nine referrals in this area in the current financial year. Seven investigations have been completed resulting in warnings being issued to three

Activity	Work completed or in progress
	<p>businesses incorrectly claiming small business rate relief. There are five ongoing investigations in this area.</p> <ul style="list-style-type: none"> • Council Tax Support fraud – The team has completed seven investigations into council tax support fraud. One person has received a formal warning about their conduct. Seventy-three referrals for potential fraud in this area have been received and there are currently twelve investigations ongoing. • Parking fraud – Twenty-five reports of parking fraud have been received during the current financial year. Twenty cases have been concluded which resulted in three people being formally cautioned and twelve people receiving a written warning. There are eight investigations currently ongoing. • Education Verification – The team has reviewed two applications for school placements to date. One application was found to have contained false or misleading information and an offer of a school placement was withdrawn.