

COUNTER FRAUD PROGRESS REPORT 2021/22

Date: 6 April 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 up to 28 February 2022.



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 2022.
- 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 and Housing Management Officers this year.
- 6 An awareness campaign informing staff of the risk of bribery and money laundering was delivered on 9 December to mark International Anti-Corruption Day. It followed previous awareness raising campaigns marking Cyber Security Awareness Month in October and International Fraud Awareness Week in November. The counter fraud team plans to raise awareness of the council's whistleblowing policy and procedure later in 2022.
- 7 An anti-fraud message was included with annual council tax bills issued to all domestic properties in March 2022. This raised awareness of fraud against the council and provided information on how best to report concerns to the counter fraud team.
- 8 Veritau have noted an increase in both regional and national attempts by organised criminals operating from overseas to divert genuine payments made to council suppliers (i.e. mandate or payment diversion fraud). There have been two attempted frauds of this type against the council in 2021/22 with a potential loss of £830k, but neither were successful. The counter fraud team worked alongside council officers, North Yorkshire police, and relevant banks to prevent losses to the council. The team is working with the council to ensure that robust controls are in place to meet this threat and that relevant staff receive additional training.

¹ Annual Fraud Indicator 2017, Crowe Clark Whitehill

- 9 Veritau continue to support the council with Covid-19 related payments, most recently in assisting with checks relating to the Omicron Hospitality and Leisure grant scheme, from January 2022. 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.
- 10 Veritau's counter fraud team represents the council at regional and national counter fraud groups. Veritau participates in regular meetings of the Yorkshire and Humber Counter Fraud Group and the regional Tenancy Fraud Forum alongside other councils in the area. Veritau participates in and chairs a national Fighting Fraud and Corruption Locally working group examining issues surrounding adult social care fraud.



MULTI-AGENCY WORK

- 11 Work on the 2020/21 National Fraud Initiative (NFI) is almost complete. The counter fraud team and council officers have processed over 7,000 matches flagged during the exercise, including matches relating to Covid-19 grant payments. To date the exercise has identified over £66k of fraud and error.
- 12 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 77 requests for information to date.



DATA MATCHING

- 13 The counter fraud team undertakes regular data matching exercises to detect fraud and error. An exercise looking at potential council tax fraud was carried out earlier this the year. This identified seventeen cases for further investigation. Of these, four have led to warnings being given and bills being issued for customers wrongly claiming single person discounts. Three investigations are ongoing.
- 14 A new data matching exercise is currently being developed to highlight potential fraud and error within the housing Right to Buy scheme.



INVESTIGATIVE WORK

- 15 In 2021/22, the counter fraud team has received 346 reports 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.
- 16 Up to 28 February 2022, the team has helped the council to achieve £149k in savings and £30k in Covid-19 related savings. The team has completed 116 investigations and there are currently 70 ongoing active cases. To date, three people have been formally cautioned and warnings have been issued to a further thirty. One council property has been recovered. Three false applications (two related to housing applications; one to a school

placement) were stopped. In addition the team has helped the council verify 83 applications relating to Right to Buy, Covid-19 grants, and school placements.

- 17 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 28/02/22)	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	£149,036	£200,000	£348,155
Amount of savings identified relating to Covid-19 business grant related fraud	£30,000	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)	49%	30%	46%

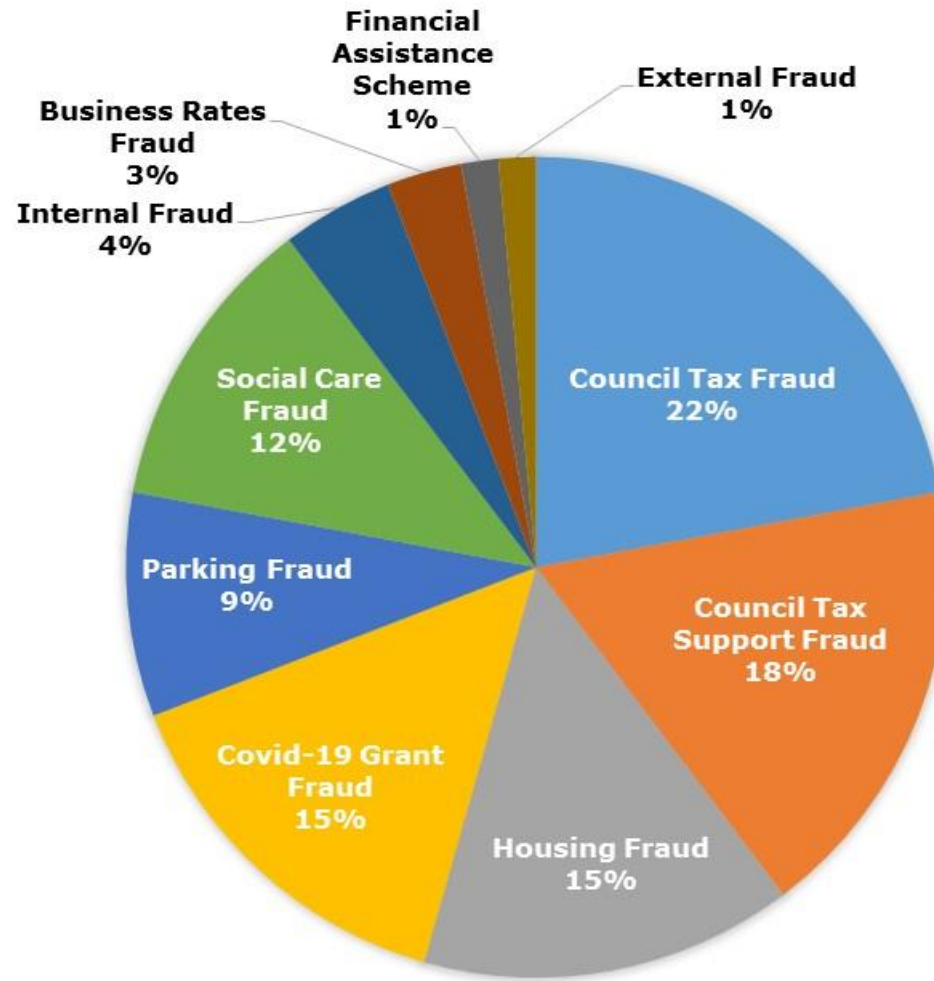
Caseload figures for the period are:

	2021/22 (As at 28/02/22)	2020/21 (Full Year)
Referrals received	346	338
Number of cases under investigation	70	103 ²
Number of investigations completed	116	191
Number of verification cases completed ³	83	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 28 February 2022.



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 ten investigations ongoing. The team have verified a further eighteen applications as part of a government mandated post-assurance exercise. Counter fraud work relating to Covid-19 has resulted in one application being blocked and two grants being repaid to the council, resulting in £30k of savings. • Adult Social Care fraud – The team has completed six investigations in this area and eight are ongoing. There have been nine new referrals in this area in 2021/22. • Internal investigations – Two investigations have commenced in 2021/22 and three have been completed. • External (or third party) fraud – Seven referrals relating to external frauds against the council have been reported in 2021/22. These constitute cybercrime and attempted thefts against the council. Seven investigations have been completed and one is ongoing. Two potentially serious mandate frauds were prevented in 2021/22. • Housing fraud – Twenty referrals for housing related fraud have been received to date. Thirteen investigations have concluded and ten investigations are ongoing. The team has helped to verify sixty-three Right to Buy applications this year. One council tenancy was ended as a result of a county court hearing and the council property was subsequently handed back to the council. Two warnings were issued to people for giving false information in connection with applications for housing. Both applications were from individuals who purported to have connections to York, but this was found to not be the case. • Council Tax fraud – Thirty-five referrals for suspected council tax fraud have been received to date and an internal data matching exercise produced seventeen further cases for investigation. Twenty-eight investigations have been completed in this area and fifteen are ongoing. Seven people have

Activity	Work completed or in progress
	<p>been issued with formal warnings relating to false or incorrectly claimed single person discounts, and error was detected in a further five cases.</p> <ul style="list-style-type: none"> • Business rates fraud – The team has received eleven referrals in this area during the year. Ten investigations have been completed resulting in warnings being issued to three businesses falsely claiming small business rate relief. Forged documentation was provided to the council in support of two of the applications. Invoices were raised in a further three cases. There are two ongoing investigations in this area. • Council Tax Support fraud – The team has completed fifteen investigations into council tax support fraud. One person has received a formal warning about their conduct. Four cases were referred to the Department for Work and Pensions. Eighty-seven referrals for potential fraud in this area have been received and there are currently twelve investigations ongoing. • Parking fraud – Thirty-two reports of parking fraud have been received during the current financial year. Twenty-four cases have been completed which resulted in three people being formally cautioned and fourteen people receiving a written warning. There are six 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.