



COUNTER FRAUD ANNUAL REPORT 2023/24

Date: 31 July 2024

ANNEX 2

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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 cause reputational damage.
- 2 Veritau provides a corporate fraud service to City of York Council which aims to prevent, detect and deter fraud and related criminality. We use qualified criminal investigators to support departments with fraud prevention, proactively identify issues through data matching exercises, and investigate suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 The counter fraud team also plans and takes part in counter fraud campaigns (eg the National Fraud Initiative), undertakes fraud awareness activities with staff and the public, and maintains and updates the council's counter fraud framework and associated policies.
- 4 This report provides the Audit and Governance Committee with a summary of counter fraud activity completed in 2023/24. It also details whistleblowing reports received and the types of concerns that have been reported.



KEY PERFORMANCE FIGURES

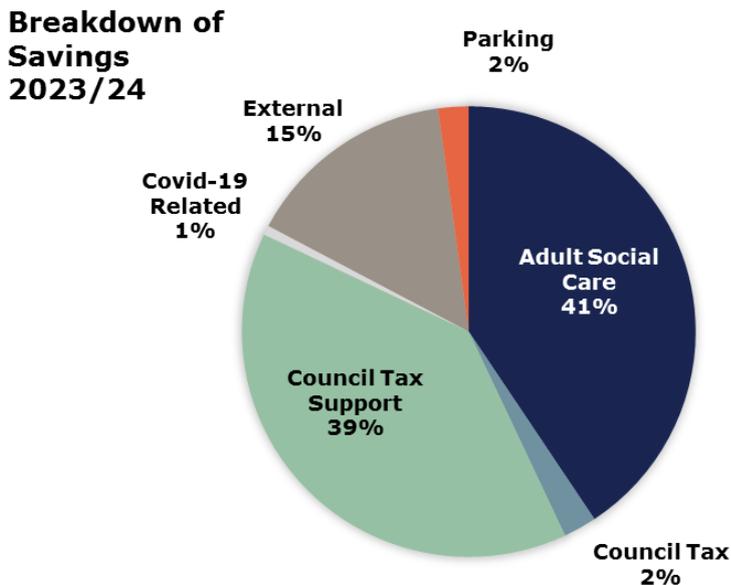
- 5 Veritau helped the council to achieve £208k in counter fraud savings in 2023/24, against an annual target of £200k.
- 6 The team received 377 referrals of suspected fraud during the year including reports from the public, council employees, external agencies, and issues identified through proactive exercises. One hundred and nineteen investigations were completed in 2023/24 with successful outcomes achieved in 55% of cases².
- 7 Three people were successfully prosecuted by the council following investigations by the counter fraud team, seven people accepted formal cautions, warnings were issued to 21 people, five internal fraud investigations were completed, 12 holiday let owners had their residential parking permits removed, and debts owed to the council were calculated in a further 17 cases.
- 8 In addition, the counter fraud team reviewed 53 applications made under the Right to Buy scheme and one application for school placement.
- 9 A detailed summary of performance can be found in appendix A, below.

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

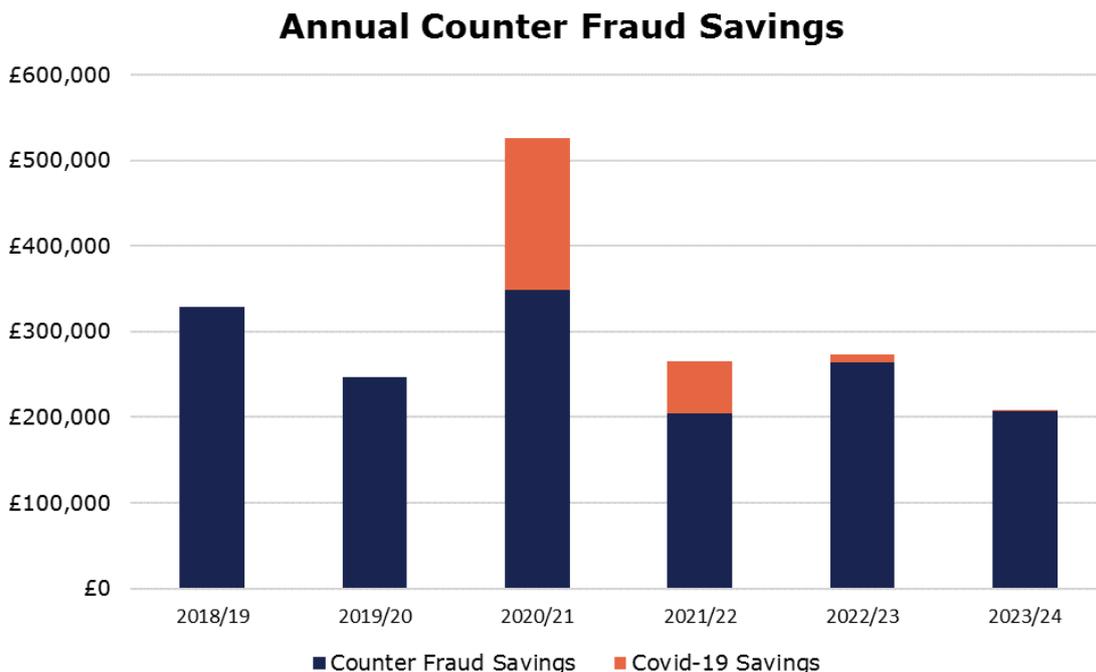
² Outcomes are considered to be successful when fraud or error is found as a result of an investigation.

ANALYSIS OF RESULTS

- 10 Veritau has an annual target of £200k to achieve in fraud related savings. These savings comprise the repayment of debt arising following investigative work, a maximum of one year future savings if an investigation has stopped an ongoing fraud that would otherwise have continued, and the prevention of any one-off payments that would have been made without our intervention, eg a Right to Buy discount. The chart below shows the areas where savings were achieved in 2023/24.



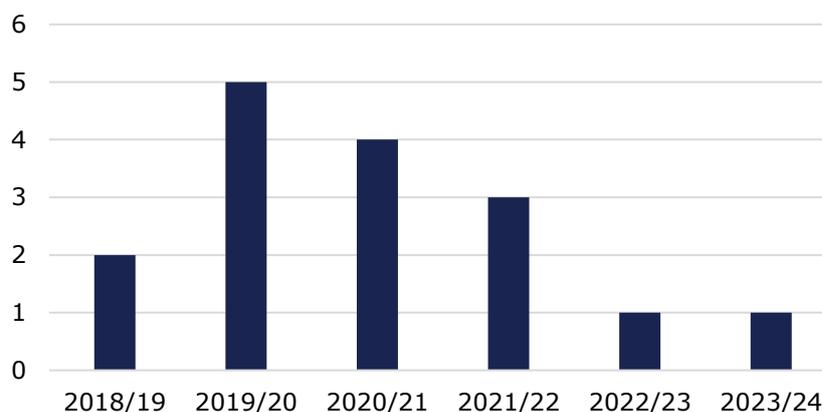
- 11 Over the past six years Veritau has helped the council to achieve £1.6 million in counter fraud savings, increasing to over £1.8 million including savings associated with Covid-19 grants.



WHISTLEBLOWING

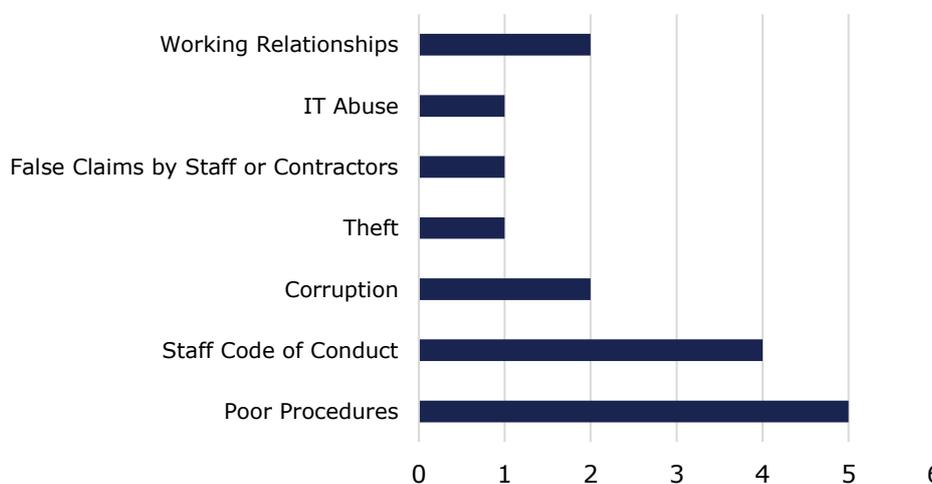
- 12 Veritau supports the council's whistleblowing processes and has had overall responsibility for the policy since 2018. Veritau works with council colleagues within the Human Resources department to ensure that all concerns raised are dealt with appropriately. Awareness of the policy is regularly raised with all council employees including annual publicity for World Whistleblowers' Day in June.
- 13 One whistleblowing concern was logged by Veritau in 2023/24 which relates to potential misconduct by a council employee. An investigation into the concern raised is ongoing.
- 14 The figure below shows the number of whistleblowing reports recorded over the past six financial years – 16 in total.

Whistleblowing Reports



- 15 The following figure details the categories of whistleblowing reports received over the same period.

Whistleblowing Concerns by Area



COUNTER FRAUD MANAGEMENT

- 16 Veritau undertakes a range of non-investigative activity to support the development of counter fraud arrangements at the council. Raising awareness of fraud amongst council employees and the public is an important function of the counter fraud team. Awareness campaigns were undertaken to mark International Fraud Awareness Week and International Anti-Corruption Day in November and December 2023 respectively.
- 17 Cybercrime is a high risk area for the council. In October 2023, as part of Cyber Security Awareness Month, Veritau worked alongside the council's communications team to raise awareness amongst all employees of the threat of cybercrime, how to spot it, and how to prevent it from happening.
- 18 Bespoke training was provided to employees working within the revenues, benefits, customer services, and disabled facilities grants teams in 2023/24. Training on blue badge fraud was also provided to the Gough & Kelly team who facilitate the entry of badge holders to the city centre. Training on financial frauds and scams was provided to finance officers working within maintained schools. The counter fraud team also produces regular newsletters for revenues, benefits, and adult social care employees which highlight recent frauds in those areas occurring locally and nationally.
- 19 The council is a member of the National Anti-Fraud Network (NAFN). NAFN provides investigative resources which support the counter fraud team as well as trading standards. NAFN releases urgent intelligence alerts relating to frauds experienced by other councils. The counter fraud team ensures that these alerts are sent to relevant council officers.
- 20 The team maintains a fraud reporting telephone number and a dedicated email address³. We work closely with officers and encourage members of the public to report any concerns they have about fraud affecting City of York Council.
- 21 The council participated in an annual National Day of Action against blue badge fraud in June 2023, alongside 80 other councils. The exercise involved making checks on blue badges displayed in the city to determine if they were being used by legitimate badge holders. The counter fraud team worked alongside parking officers to check 84 blue badges over the course of the day. This initiative resulted in two members of the public accepting formal cautions and one person being issued with a warning about their conduct in relation to blue badge misuse.
- 22 The counter fraud team is an active participant in regional and national counter fraud groups. Veritau is a member of the Yorkshire and Humber Counter Fraud Group and Tenancy Fraud Forum. Veritau participates in and chairs a national Fighting Fraud and Corruption Locally working group examining issues surrounding adult social care fraud and has presented on the subject at two national counter fraud conferences in 2023/24.

³ Any person who wishes to report fraud against the City of York Council can call 0800 9179 247 or email fraud@york.gov.uk

APPENDIX A: COUNTER FRAUD ACTIVITY 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 (Actual: Full Yr)	2022/23 (Target: Full Yr)	2022/23 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£206,854	£200,000	£263,715
% of investigations completed which result in a successful outcome (eg payments stopped or amended, sanctions, prosecutions, and properties recovered)	55%	30%	50%
Amount of savings from the prevention and recovery of Covid-19 grant fraud	£1,407	n/a	£9,753

Caseload figures for the period are:

	2023/24 (Full Year)	2022/23 (Full Year)
Referrals received	377	319
Number of cases under investigation ⁴	63	85
Number of investigations completed	119	146
Number of verification cases completed ⁵	54	54

⁴ As at the end of each financial year on 31 March 2024 and 2023 respectively

⁵ Verification cases are reviews of applications for Right to Buy and school places

Summary of counter fraud activity

Activity	Work completed
Data matching	<p>The 2022/23 National Fraud Initiative (NFI) data matching exercise was completed in the course of the financial year. The counter fraud team and council officers reviewed 7,800 data matches produced by the exercise, highlighting both fraud and error.</p>
Fraud detection and investigation	<p>We continue to promote the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity completed in 2023/24 includes the following:</p> <ul style="list-style-type: none"> • Adult Social Care fraud – The counter fraud team completed three investigations in this area. A single case of adult social care caused a loss of £85k to the council, however this debt was repaid over the course of the year. • Council Tax Support fraud – The counter fraud team completed 23 investigations in this area which led to one formal caution and six warnings being issued. A total of £82k in savings was calculated in this area over the course of the year. • Council Tax fraud – The counter fraud team completed 16 investigations. One person accepted a formal caution in lieu of prosecution, and two people received formal warnings, and two more people were invoiced for underpaid council tax. Almost all of these cases relate to falsely or erroneously claimed single person discounts. • Housing fraud – Working in conjunction with housing management officers, the counter fraud team helped to recover three council properties that were not being lived in by the tenants. The team worked alongside the Housing and Legal Departments to run checks on 53 Right to Buy applications. • Internal fraud – Five investigations into potential internal fraud or misconduct were completed in 2022/23. • External or third party fraud – The counter fraud team completed two investigations in this area relating to duplicate invoices paid by the council. In both cases the suppliers have repaid the council.

Activity	Work completed
	<ul style="list-style-type: none"><li data-bbox="483 311 2033 518">• Parking fraud – The counter fraud team work closely with the council’s parking services to address misuse of disabled blue badges and other parking permits within the city. A total of 37 investigations were completed in 2023/24. Of these, 24 related to the misuse of disabled blue badges and 13 to residential parking permits. Three people were prosecuted for the misuse of blue badges, five people were cautioned in lieu of prosecution, and four people received warnings. In addition, 12 holiday let owners had their residential parking permits removed.<li data-bbox="483 542 2033 646">• Education verification – Veritau works with the school’s team to investigate and deter false applications for school places. One application for a school place was verified in 2023/24 and found to be correct.<li data-bbox="483 670 2033 742">• Covid-19 related fraud – There are no ongoing investigations relating to Covid-19 related fraud, however the council continues to recover any overpaid grants, eg Test and Trace grants.