

COUNTER FRAUD PROGRESS REPORT

Date: 12 September 2023

Annex 2





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 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 2023/24.



FRAUD MANAGEMENT

- 4 In June 2023 the council participated in a National Day of Action against Blue Badge fraud alongside 80 other councils. The exercise involved making checks on all blue badges displayed in the city to determine if they were being properly used by legitimate badge holders. The counter fraud and parking teams worked together to check 84 badges on the day which resulted in two penalty charge notices (PCNs) being issued, one blue badge was seized, and four investigations were instigated. Nationally 5000 badges were inspected, 196 PCNs were issued, and 92 badges were seized.
- 5 Veritau is responsible for maintaining and promoting the whistleblowing policy for the council. We maintain records of all whistleblowing concerns raised within the council. Working with officers in Human Resources, Veritau helps to ensure that all whistleblowing concerns are identified and appropriately addressed. We also work with the communications team to raise awareness of whistleblowing procedures with employees. Our latest campaign took place in June 2023 as part of World Whistleblowers' Day.
- 6 A key objective for the counter fraud team is to raise awareness of fraud with members of staff and the public. Bespoke training has been provided to the business rates, benefits, and customer service teams in so far in 2023/24.



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 Public Sector Fraud Authority (PSFA) and the exercise runs every two years. The results of the 2022/23 datamatching exercise (7500 data matches) are currently being reviewed by the counter fraud team and other services across the council.

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

- 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 team can jointly investigate with DWP counterparts. The team have responded to 15 requests for information to date this year.

INVESTIGATIVE WORK

- 9 In 2023/24, the counter fraud team has received 126 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 In June 2023 the council prosecuted a Lincolnshire resident who travelled to York and used a deceased relative's blue badge to park in a disabled parking bay in Castle carpark. They pleaded guilty to offences under the Road Traffic Act and were ordered to pay £1600 in fines and costs.
- 11 Up to 31 July 2023, the counter fraud team helped the council to make £54k in savings following investigation work. The team has completed 41 investigations and there are currently 65 ongoing. One person has been successfully prosecuted. One internal fraud investigation has been completed. Twelve people have been issued with formal warnings about their conduct. In addition, the team has helped the council verify 22 Right to Buy applications.
- 12 A summary of investigative work can be found in appendix A, below.

APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 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 (As at 31/07/23)	2022/23 (Target: Full Yr)	2022/23 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£53,738	£200,000	£263,715
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	51%	30%	50%

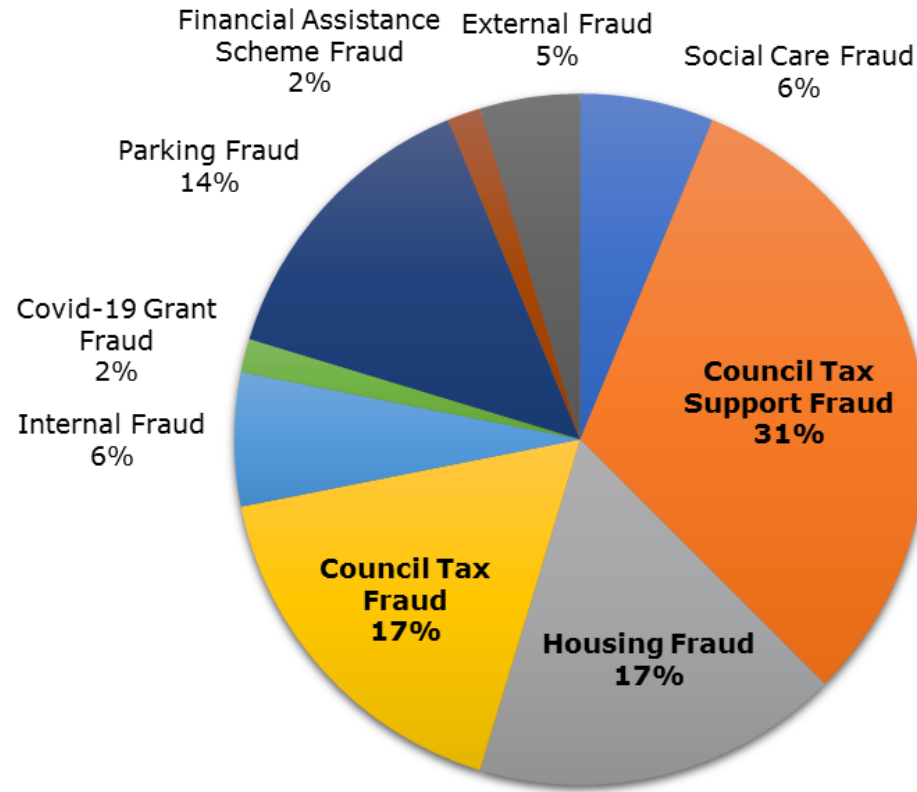
Caseload figures for the period are:

	2022/23 (As at 31/07/23)	2022/23 (Full Year)
Referrals received	126	319
Number of cases under investigation	65	85 ²
Number of investigations completed	41	146
Number of verifications completed ³	22	54

² As at the end of the financial year (ie 31/03/2023)

³ 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 July 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"> • Adult Social Care fraud – The team has completed one investigation in this area and four are ongoing. Fraud in this area relates to deprivation of capital, financial abuse, direct payment fraud, and abuse of position. Investigative work has assisted the council to recover £15k to date. • Housing fraud – There are 11 investigations ongoing in this area. The majority of cases relate to sub-letting and abandonment of council properties, but the team is also investigating false applications for Right to Buy and Homelessness. Four investigations have been completed to date. • Internal investigations – One internal investigation has been completed. There are four ongoing. • External (or third party) fraud – Fraud in this area relates to financial scams perpetrated against the council, eg mandate fraud or cybercrime. There are two ongoing investigations. • Council Tax Support fraud – Eleven 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. Four CTS claimants have received formal warnings in 2023/24. Work in this area has resulted in £10k of savings for the council. • Council Tax fraud – Council Tax fraud often involves households falsely claiming single person discount, however other types of discounts can also be abused. Five investigations have been completed this year and 11 are ongoing. • Parking fraud – Parking fraud usually relates to blue badge abuse however, there have been a rising number of investigations of misuse of residential parking permits by owners of holiday lets. Fifteen investigations have been completed – five relating to blue badges and ten to parking permits. One person has been successfully prosecuted and another received a formal warning for misuse of blue badges. Nine holiday let owners have had their residential permits removed, five of whom were issued with formal warnings about their conduct.