

Counter Fraud Progress Report 2024/25

Date: 29 January 2025

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BACKGROUND

- 1 Fraud is a significant risk to the public sector. The Public Sector Fraud Authority estimated that between £39.8 and £58.5 billion of public spending was lost to fraud in 2021/22¹. 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 2024/25.



COUNTER FRAUD MANAGEMENT

- 4 In October 2024 the government announced changes to the Right to Buy scheme². The maximum discount available was reduced from £102k to £24k for all applications made in Yorkshire and the Humber region after 21 November 2024. News of the reduction led to a significant increase in applications received by the council ahead of the discount reduction date. The counter fraud team undertake verification checks on all Right to Buy applications to identify potential fraud and money laundering. The team worked closely with colleagues from Housing and Legal to ensure that the checks continued to be delivered quickly to meet the statutory time limits associated with the scheme. Verification checks have been made on 108 applications in 2024/25; the majority of these (70%) were for applications submitted after the government's announcement.
- 5 In December, the counter fraud team worked with colleagues from Parking Services to undertake a proactive day of action to tackle misuse of disabled parking badges in the city. It is an offence to misuse a blue badge and abuse of the scheme reduces access to disabled parking spaces for legitimate badge holders. Officers checked 162 badges over the course of one day and three instances of suspected misuse were identified for further investigation. The work was supported by the charity Disabled Motoring UK and was promoted by the council's communication team.
- 6 Veritau shares alerts on fraud threats identified by partners in the counter fraud community, including the National Anti-Fraud Network (NAFN). "Career polygamy" is currently a high profile topic nationally. This type of fraud occurs when someone illicitly works full time for multiple organisations at the same time. The team provide regular intelligence about

¹ [Cross Government Fraud Landscape Report 2021-22](#), Public Sector Fraud Authority

² [Future of social housing protected through Right to Buy reforms](#), HM Government

individuals found to be polygamously working with the council's Human Resources Department. Other recent NAFN alerts shared include false invoices being sent to local authorities and fraudsters impersonating senior council officers to obtain payments.



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 counter fraud team ensures that the council meets government data matching requirements and best practice. Data from council departments was submitted in October. An initial tranche of 2,731 matches has been produced with more expected later this year. The counter fraud team will assess the matches produced by the NFI and investigate where appropriate.
- 8 A targeted data matching exercise by the NFI is also underway. All councils are required to send details of residents claiming single person discounts to the NFI annually. The data will be used to identify potentially fraudulent council tax discounts. Data will be sent to the NFI in mid-January and the resulting matches will be returned shortly afterwards.



INVESTIGATIVE WORK

- 9 Between 1 April 2024 and 10 January 2025, the counter fraud team received 346 referrals of suspected fraud. Seventy-six investigations have been completed this year and there are currently 77 cases under investigation. One person accepted a formal caution in lieu of prosecution for the misuse of a relative's blue badge. Two council properties which were being misused have been returned the council and re-allocated to people on the housing waiting list. Five internal investigations have been completed. Thirteen people have received formal warnings for fraud relating to the council tax reduction scheme, council tax and business rates discounts, housing applications and the misuse of blue badges. In a further ten cases the team has provided information to council teams to allow them to recover money owed.
- 10 The team has completed 115 verification checks on applications for Right to Buy, and school placements. Four compliance checks have been completed for residents claiming council tax support.
- 11 Counter fraud savings³ are tracked by monitoring repayments to the council following fraud investigations and calculating the value of stopping ongoing fraud. To date £245k of counter fraud savings have been identified.

³ Counter fraud savings consist of money recovered during the course of the year (debts may have been calculated in previous years as well as the current financial year), the value of applications that would have been successful, eg Right to Buy or Financial Assistance, and 12 months of savings where an ongoing fraud has been stopped through the work of the counter fraud team.

APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2024/25

The tables below show the success rate of investigations and levels of savings achieved through counter fraud work, and the number of referrals received, cases under investigation, and completed cases in 2024/25.

	2024/25 (As at 10/01/25)	2024/25 (Target: Full Yr)	2023/24 (Actual: Full Yr)
Amount of counter fraud savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£244,641	£200,000	£206,854
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	46%	30%	55%

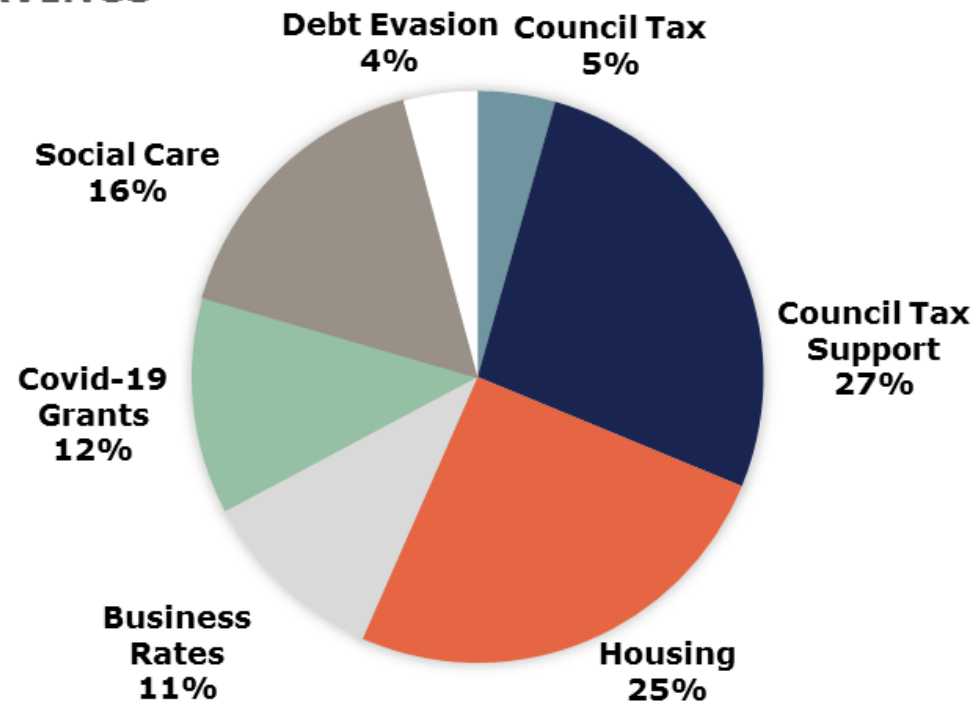
	2024/25 (As at 10/01/25)	2023/24 (Full Year)
Referrals received	346	377
Number of cases under investigation	77	63 ⁴
Number of investigations completed	76	119
Number of compliance checks completed	4	n/a
Number of verifications completed ⁵	115	54

⁴ As at the end of the financial year (ie 31/03/2024)

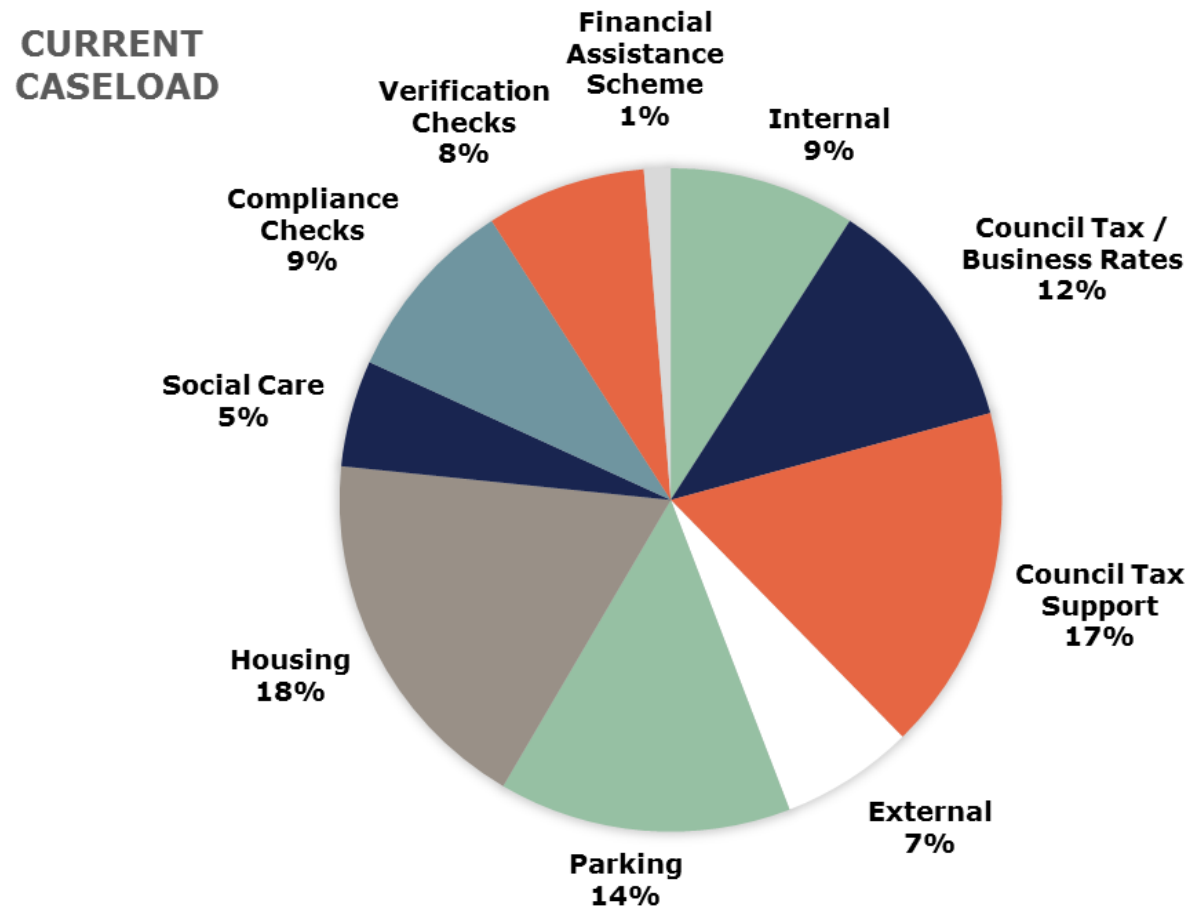
⁵ Verification cases are reviews of applications for Right to Buy and school placements.

The chart below shows a breakdown of the counter fraud savings identified this year (£245k) by area of fraud.

COUNTER FRAUD SAVINGS



The following chart shows the proportion of different case types under investigation (77) as at 10 January 2025.



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"> • Council Tax Support fraud – Fifteen council tax support (CTS) investigations have been completed and there are 15 cases under investigation. Fraud in this area can occur when claimants provide false information when they apply for support or if they fail to declare changes to their income or assets. Work in this area has resulted in £58k of savings for the council. Four compliance checks have been completed – these did not identify any problems with claims. • Council Tax and business rates fraud – Council Tax fraud often involves households falsely claiming single person discount, however other types of discounts can also be abused. Business rate fraud relates to false or incorrect claims for discounts like small business rate relief. Fourteen investigations have been completed this year and ten are ongoing. Savings of £67k have been calculated following fraud investigations in this area. • Adult Social Care fraud – The team has completed five investigations 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. Investigation work has led to £40k of savings being identified in 2024/25. • Housing fraud – There are 12 investigations ongoing in this area. The majority of cases investigated by the team relate to sub-letting and abandonment of council properties. The team also investigates false applications to the Housing Register, potentially fraudulent Right to Buy purchases, and homelessness fraud. Thirteen investigations have been completed. Two council properties have been recovered. • Internal fraud investigations – Five internal fraud investigations have been completed. There are seven ongoing.

Activity	Work completed or in progress
	<ul style="list-style-type: none"><li data-bbox="483 405 2033 507">• External (or third party) fraud – Fraud in this area relates to financial scams perpetrated against the council, eg mandate fraud or cybercrime. Four investigations have been completed and five are ongoing.<li data-bbox="483 533 2033 743">• Parking fraud – Parking fraud usually relates to blue badge abuse, however the team also investigate the misuse of residential parking permits by landlords of holiday lets. Fifteen investigations have been completed – 12 relating to blue badges and three to parking permits. One person accepted a formal caution in lieu of prosecution. Six people have received formal warnings for the misuse of blue badges. One holiday let owner had their residential permit removed and has been issued with a formal warning.