

COUNTER FRAUD PROGRESS REPORT

Date: 23 October 2023

Annex 3





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 the Council which aims to prevent, detect and deter fraud and related criminality. We employ qualified criminal investigators to support departments with fraud prevention, proactively identify issues through data matching exercises, and investigate any suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 The purpose of this report is to update the Audit Committee on counter fraud activity conducted on behalf of the Council since 1 April 2023.



COUNTER FRAUD MANAGEMENT

- 4 Raising awareness of fraud amongst Council staff and the public is an important function of the counter fraud team. We continue to provide support to officers across the Council and undertake periodic training with a number of services.
- 5 Veritau is responsible for maintaining and promoting the whistleblowing policy for the Council. We maintain records of all whistleblowing concerns raised and working with officers in Human Resources, we help 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 The team has supported the development of a project specific fraud management plan which is required as part of the Council's delivery of government funding to residents for home energy efficiency upgrades.
- 7 To help the Council to meet its obligations under the Local Government Transparency Code 2015, we provide data on counter fraud work completed. This information is published online.



MULTI-AGENCY WORK

- 8 The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all Councils and other public sector bodies in the UK. Veritau and Council officers are continuing to review the matches from the latest NFI exercise. To date, seven matters have been identified for further investigation.

¹ Tackling fraud and corruption against Government, HM Treasury / Cabinet Office

- 9 The Council provides information to the Department for Work and Pensions (DWP) to facilitate the investigation of Housing Benefit fraud. Veritau also refer relevant matters to the DWP for investigation. In cases involving Council Tax Reduction we can jointly investigate with the DWP. Veritau has established contacts with the DWP's local investigation team. No joint working cases have been identified to date.

INVESTIGATIVE WORK

- 10 Since April 2023, the counter fraud team has received 163 referrals of potential fraud. These relate to adult social care fraud, Council Tax and NNDR discount/exemption fraud, Council Tax Reduction fraud, housing fraud, parking badge misuse, and internal and third party fraud.
- 11 The counter fraud team has completed 26 investigations this year. Investigative work has resulted in 11 warnings being issued and prevented two attempted frauds. A further two matters were referred to the police. The team has 102 ongoing investigations. A recent case presented at court resulted in an agreement to repay £120k in unpaid care fees in addition to £20k in costs.
- 12 To date, £40.7k has been recovered as a result of investigatory work.
- 13 The team works closely with Council staff who can report fraud directly to investigators. Members of the public can also contact Veritau directly to report fraud on 0800 9179 247, or email counter.fraud@veritau.co.uk.
- 14 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 30/09/23)
Amount of actual savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£40,778
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	50%

Caseload figures for the period are:

	2023/24 (As at 30/09/23)
Referrals received	163
Number of cases under investigation	102
Number of investigations completed	26
Number of verifications completed ²	1

² Verification cases are reviews of applications school placements.

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 five investigations in this area and 11 cases 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 in recovering £13.5k to date. In one case, an agreement to repay £120k in care fees and £20k in costs has been secured. • Council Tax and NNDR fraud – Council Tax and NNDR fraud often involves false applications for discounts and exemptions from liabilities. The team have completed 19 investigations and 36 cases are ongoing. Work in this area has generated £23k in savings for the Council. • Council Tax Reduction fraud – Twelve Council Tax Reduction investigations have been completed and there are 34 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 reduction recipients have received warnings. Work in this area has resulted in £4.2k of savings for the Council. • External (or third party) fraud – Fraud in this area can relate to financial crime or error perpetrated against the Council, eg mandate fraud, cybercrime, or supplier charging. There are four ongoing investigations. No issues were identified in the two cases that have been completed. • Housing fraud – There are four investigations ongoing in this area. These cases relate to sub-letting and abandonment of council properties. No cases have been closed in the current year. • Internal investigations – Six internal investigations have been completed with individuals leaving Council employment in three cases. There are ten ongoing investigations. • Local assistance fund – This funding supplies household goods and basic necessities to those in need. The counter fraud team investigate the submission of fraudulent applications and misuse of the scheme. One investigation is ongoing in this area.

Activity	Work completed or in progress
	<ul style="list-style-type: none"><li data-bbox="481 261 2033 363">• Parking fraud – Parking fraud usually relates to abuse of the blue badge scheme, including the use of forged or altered badges. Two investigations are ongoing. Future abuse has been prevented in one case in which a photocopied badge has now been destroyed.<li data-bbox="481 389 2033 491">• School admissions – Veritau support Council officers to verify applications for school placements where there is a discrepancy in home address records. Eight cases have been completed resulting in cessation of one incorrect application.