


Counter Fraud Progress First Report 2024/25

Date: 23 September 2024

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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 it can cause reputational damage.
- 2 The Council engages Veritau to undertake counter fraud work on its behalf. We employ qualified criminal investigators to deliver a range of work that helps the authority prevent, detect, and deter fraud and related criminality. This includes officer training to help prevent fraud, proactive identification of issues through data matching exercises, and the investigation of 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 Committee on counter fraud activity undertaken between 1 April and 31 August 2024.

COUNTER FRAUD MANAGEMENT

- 4 Veritau was invited to join the Public Sector Fraud Authority's (PSFA) "Community of Practice". An initial meeting with PSFA representatives and a Cabinet Office Minister took place in May. Veritau now attends regular meetings to share best practice between central and local government counter fraud professionals.
- 5 The Council has established processes for whistleblowers to raise concerns. Veritau support the council by raising awareness of whistleblowing through regular communications to staff. This has included information shared with officers in June as part of World Whistleblowers' Day.
- 6 The Council is required to publish data on counter fraud work as part of the Local Government Transparency Code 2015. Veritau provided the relevant data for work completed in 2023/24 to help fulfil this obligation. The Council publishes this information online.
- 7 The team share and receive alerts on fraud threats from partners in the counter fraud community, including the National Anti-Fraud Network. We share this information with relevant services to help prevent and identify attempted fraud. Information has recently been shared on identities and bank accounts being used in "Career Polygamy" fraud where someone claims to concurrently work full-time for more than one organisation.

MULTI-AGENCY WORK

- 8 The PSFA will be completing the bi-annual National Fraud Initiative data matching exercise later this year. The counter fraud team are in the process of reviewing the Council's privacy notices to ensure compliance

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

with relevant data protection legislation and best practice, before matching takes place. Data collection is expected to take place from October 2024.

- 9 The counter fraud team pursue opportunities to work with external agencies to tackle fraud that affects the Council. Veritau has worked with the Police as part of adult social care safeguarding processes where the Council may be at risk of financial losses. We also have processes in place to undertake investigations alongside the Department for Work and Pensions. There are currently eight joint investigations being conducted.

INVESTIGATIVE WORK

- 10 Veritau receives reports of suspected fraud from Council officers, members of the public, and external agencies. We evaluate each report to determine the appropriate response.
- 11 To date, the team has received 164 referrals. These relate to adult social care fraud, abuse of the council tax reduction scheme, attempts to evade or reduce business rates and council tax liabilities, housing related frauds and parking scheme frauds.
- 12 The counter fraud team has completed 75 investigations. Warnings were issued to 13 people in relation to incorrect claims for council tax and NNDR reductions or exemptions, claims for central government funding distributed by the Council, and an incorrect claim to the Council's local assistance fund. There are 89 investigations currently ongoing.
- 13 To date, investigative work has helped the Council to achieve £178.9k in actual savings. This figure includes the repayment of debt arising from investigative work, and a maximum of one year future savings if an investigation has stopped an ongoing fraud that would otherwise have continued.
- 14 A summary of investigative work can be found in appendix A, below.

APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2024/25

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2024/25.

	2024/25 (As at 31/08/24)
Amount of actual savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£178,927
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	43%

Caseload figures for the period are:

	2024/25 (As at 31/08/24)
Referrals received	164
Number of cases under investigation	89
Number of investigations completed	75
Number of verifications completed ²	3

² Verification cases are reviews of applications for 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 – fraud in this area relates to deprivation of capital, financial abuse, direct payment fraud, and abuse of position (eg by a power of attorney). Seven investigations have been completed to date, and 13 investigations are ongoing. The Council has achieved £72.5k of savings as a result of the team’s work. • Council Tax and NNDR fraud – Council Tax and NNDR fraud often involves false applications for discounts and exemptions from liabilities. The team has 18 ongoing investigations in this area. Fourteen cases have been completed, resulting in five people being issued with warnings. Investigative work has helped the Council achieve savings of £83k. • Council Tax Reduction fraud – fraud in this area can occur when people claiming a reduction provide false information when they apply or fail to declare changes to their circumstances relating to income, capital, or household occupation. To date, 28 cases have been completed, and 29 investigations are ongoing. Individuals received warnings in relation to seven of the completed cases and amounts due for recovery were identified in a further three cases. No fraud was substantiated in six cases. The Council has achieved £16.8k of savings as a result of the counter fraud team’s work in this area. • 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 over charging. Veritau has completed 12 investigations. In one case a warning was issued to someone who inappropriately obtained central government funding distributed by the Council. Information to support services’ decision making was provided in a further six cases. • Housing fraud – housing fraud can relate to sub-letting of council properties and potential abuse of the housing allocation system. The team has completed one investigation in this area but no fraud was found. Six investigations are ongoing.

Activity	Work completed or in progress
	<ul style="list-style-type: none">• Internal investigations – the team has 18 cases ongoing in this area. Nine cases have been completed with recommendations to support improvements to procedures being made in five cases. An employee resigned in one case.• Local assistance fund – this funding provides support for household goods and necessities to those in need. The counter fraud team investigate the submission of fraudulent applications and misuse of the scheme. One investigation was completed in this area which resulted in an applicant being issued with a warning for providing incorrect information.• Parking fraud – fraud in this area includes the abuse of the blue badge scheme, such as the use of forged or altered badges, and misuse of residential parking schemes. The team has completed one investigation in this area in which no fraud was substantiated. There are no ongoing cases relating to parking fraud.• School admissions – Veritau supports Council officers to verify applications for school placements where there is a discrepancy in home address records that affect school catchment areas. Three investigations have been completed this year. One allocation was stopped as a result of our investigation findings, and two applications were upheld.