

# COUNTER FRAUD PROGRESS REPORT 2021/22

Date: 26 January 2022

Annex 2





## BACKGROUND

- 1 Fraud is a significant risk to local government. Losses to councils are estimated to exceed £7.8 billion annually in the United Kingdom.<sup>1</sup>
- 2 Veritau delivers a corporate fraud service to the Council which aims to prevent, detect and deter fraud and related criminality. A total of 120 days of counter fraud work has been agreed for 2021/22. This time will be used to investigate allegations of fraud, plan and take part in counter fraud campaigns, 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 between 1 April 2021 and 30 November 2021.



## FRAUD MANAGEMENT

- 4 Veritau undertakes a range of non-investigative activity to support the development of counter arrangements at the Council. The Council's Counter Fraud Framework has been reviewed and updated for 2021/22. This includes a revised strategy action plan, and fraud risk assessment.
- 5 Veritau have noted an increase in both regional and national attempts by organised criminals operating from overseas to divert genuine payments made to council suppliers (i.e. mandate or payment diversion fraud). Veritau are reviewing the Council's processes for verifying changes to supplier's details to ensure they are robust enough to counter the latest threats posed by fraudsters.
- 6 A key objective for the counter fraud team is to raise awareness of fraud with members of staff and the public, and to inform them of how to report fraud if they suspect it is happening. Fraud awareness sessions were delivered to revenues and benefits staff November 2021.
- 7 A campaign to mark Cyber Security Awareness Month was delivered to staff in October. Another campaign to mark International Fraud Awareness Week was delivered to staff and the public in November.



## MULTI-AGENCY WORK

- 8 The counter fraud team are reviewing data matches produced by the National Fraud Initiative. Additional match reports were released in September and October. Instances of suspected fraud will be considered for investigation. Further data is to be submitted to the National Fraud Initiative in January 2022 in relation to Covid-19 business grant payments.

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<sup>1</sup> Annual Fraud Indicator 2017, Crowe Clark Whitehill

- 9 To ensure the Council comply with their duty to provide information for Housing Benefit investigations, Veritau has responded to 12 requests for information from the Department for Work and Pensions' (DWP) fraud and error service.

## INVESTIGATIVE WORK

- 10 The team have received 64 referrals of suspected fraud in the financial year. Sixteen cases are currently under investigation by the team. These cover a range of areas including revenues, housing and Covid-19 grants.
- 11 The team has continued to support the Council in discharging its duty to correctly administer Covid-19 support grants to local businesses. An attempt to gain a Covid-19 business grant of over £8k was prevented.
- 12 Investigative work in other areas resulted in the recovery of a council property, and a warning being issued in relation to a claim for council tax single person discount.
- 13 A summary of investigation work is included in appendix A, below.

## APPENDIX A: SUMMARY OF INVESTIGATION ACTIVITY

Activity to date includes the following:

	<b>2021/22 (As at 30/11/21)</b>	<b>2021/22 (Target: Full Yr)</b>	<b>2020/21 (Actual: Full Yr)</b>
Amount of actual savings (quantifiable savings - e.g. repayment of loss) identified through fraud investigation	£2,415	£14,000	£12,687
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	43%	30%	37%
Amount of savings from the prevention of Covid-19 grant fraud	£8,097	n/a	£30,000

Caseload figures for the period are:

	<b>2021/22 (As at 30/11/21)</b>	<b>2020/21 (Full Year)</b>
Referrals received	64	96
Referrals rejected <sup>2</sup>	47	51
Number of cases under investigation	16	18 <sup>3</sup>
Number of investigations completed	7	20

<sup>2</sup> This number includes cases where investigation is not possible (e.g. no discount or exemption in effect, matters in the remit of other agencies such as the Department for Work and Pensions, etc).

<sup>3</sup> As at the end of the financial year (i.e. 31/03/2021)

### Work completed or in progress

The service promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the Council. Activity completed in 2021/22 includes the following:

- **Covid-19 related fraud** – Seven reports of Covid-19 related fraud have been received to date. Three applications for Covid-19 business grants have been investigated. Investigation resulted in a payment of over £8k being stopped where a business did not qualify for support. Five investigations are ongoing.
- **Council Tax Support fraud** – One allegation of CTS fraud has been investigated. No fraud or error has been identified to date. Public funds have been recovered in eight cases investigated by the team. Forty-two reports of potential fraud in this have been reported in 2021/22.
- **Council Tax Fraud** – The team have received ten referrals for potential council tax fraud so far this year. Eight investigations have been completed; one person was issued with a warning in relation to incorrectly obtaining a Single Person Discount.
- **Housing Fraud** – Two housing investigations have been completed. Investigative work supported the recovery of a council property which will be made available to someone on the housing waiting list. Three housing related referrals have been received by the team this year.
- **NNDR fraud** – Two business rates referrals have been received by the team. One investigation is ongoing in this area.
- **Internal fraud** – There have been no reports of internal fraud to date.