

COUNTER FRAUD PROGRESS REPORT 2021/22

Date: 27 April 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.¹
- 2 Veritau delivers a corporate fraud service to the Council which aims to prevent, detect and deter fraud and related criminality. A total of 105 days of counter fraud work was agreed for 2021/22. This time has been 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 up to 28 February 2022, including recent actions since the last report to the Committee in January 2022.



FRAUD MANAGEMENT

- 4 In December 2021, the Chancellor announced a new grant scheme to provide continued support to businesses affected by the Covid-19 pandemic. The new Omicron Hospitality and Leisure grant operated for a short period and ended on 31 March 2022. The government also introduced an extension to the Additional Restrictions Grant scheme.
- 5 Organised criminals were quick to target the new grant schemes, with reports from councils nationally receiving false applications. The fraud team shared intelligence updates from work with other councils, and national contacts, to alert staff to potential identities and bank accounts which are being used to commit fraud.
- 6 In February 2022, the Department for Levelling Up, Housing & Communities announced that most households in council tax bands A to D would receive a rebate of £150. Veritau will support activities to prevent and detect potential fraud linked to these payments.
- 7 A message was included with the annual council tax bills issued to all domestic properties. The insert will raise awareness of fraud with the public and provide information on how to report concerns to the counter fraud team.



MULTI-AGENCY WORK

- 8 Review of the latest National Fraud Initiative data matches identified five matters for further investigation. These relate to Small Business Rate Relief claims and Covid-19 grant payments.

¹ Annual Fraud Indicator 2017, Crowe Clark Whitehill

- 9 Datasets relating to the later Covid-19 grant payment schemes were submitted to the National Fraud Initiative in early January 2022. Matches from this data are expected to be released in April 2022.

INVESTIGATIVE WORK

- 10 The team have received 83 referrals of suspected fraud in the financial year. These include cases of potential council tax fraud, housing fraud and Covid-19 grant fraud. 14 cases are currently under investigation by the team.
- 11 The team continues to support the Council in the administration of Covid-19 support grants to local businesses. An attempt to gain a Covid-19 business grant of over £8k has been prevented.
- 12 In other areas, one person has received a warning letter in relation to a claim for a council tax Single Person Discount, and a Council property has also been recovered as a result of investigatory work.
- 13 A summary of investigation work is included in appendix A, below.

APPENDIX A: SUMMARY OF INVESTIGATION ACTIVITY

Activity to date includes the following:

	2021/22 (As at 28/02/22)	2021/22 (Target: Full Yr)	2020/21 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - e.g. repayment of loss) identified through fraud investigation	£2,674	£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)	27%	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:

	2021/22 (As at 28/02/22)	2020/21 (Full Year)
Referrals received	83	96
Referrals rejected ²	62	51
Number of cases under investigation	14	18 ³
Number of investigations completed	11	20

² 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).

³ 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** – Four 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. Eight reports of Covid-19 related fraud have been received to date and there are seven ongoing investigations.
- **Council Tax Support fraud** – One allegation of Council Tax Support fraud has been investigated. No fraud or error has been identified to date. Fifty-four reports of potential fraud in this area have been received in 2021/22 and public funds have been recovered in nine cases investigated by the team.
- **Council Tax Fraud** – Three investigations into council tax fraud have been completed so far this year. The team have received sixteen referrals for potential fraud of this type. One person has been issued with a warning in relation to incorrectly obtaining a Single Person Discount.
- **Housing Fraud** – The team has received three housing related referrals this year and three housing investigations have been completed. In one of these cases, investigative work has supported the recovery of a council property which will be made available to someone on the housing waiting list.
- **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.