

# COUNTER FRAUD PROGRESS REPORT

Date: 14 December 2023

Appendix 2



## 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 2020/21<sup>1</sup>. 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 This report updates the Audit Committee on counter fraud activity in 2023/24.

## FRAUD MANAGEMENT

- 4 The Council's counter fraud framework was reviewed and updated in September 2023. This included an updated strategy action plan, anti-fraud, corruption, and bribery policy, and fraud risk assessment.
- 5 Cybercrime and security issues were highlighted to Council employees in October as part of Cybersecurity Awareness Month. The campaign informed staff of different types of cybercrime that could affect the Council and how it can be prevented.
- 6 In November, we marked International Fraud Awareness Week. We used the week to raise awareness of the counter fraud service and inform employees and the public about how to report concerns of fraud.

## 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. Additional data matches incorporating HMRC data were released in November, bringing the total number of matches to 6000. These are currently under review by the counter fraud team and other teams across the Council.

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<sup>1</sup> [Tackling fraud and corruption against Government](#), National Audit Office

## INVESTIGATIVE WORK

- 8 Between 1 April and 20 November 2023, the counter fraud team received 64 referrals of suspected fraud. These cover potential council tax fraud, council tax reduction fraud, internal fraud and debt evasion issues. Referrals have been made by members of staff, the NFI, and the public. Twenty-three investigations have been completed this year and there are currently 25 cases under investigation.
- 9 In October, the Council prosecuted a man who had falsely claimed council tax reduction. The case was investigated following a NFI match which indicated he had undeclared income. The man had claimed council tax reduction in 2015 and qualified for it due to his low income and residence at a property in Linthorpe where he lived. When applying for the discount he failed to declare that he owned two properties in London. One was a house of multiple occupation which was being rented out. The estimated combined value of the two undeclared properties is over £1.2m. The man also failed to declare his rental income from the London property and a number of other changes in employment during the course of his claim. Between 2015 and 2021 he received £7,800 in council tax discounts that he was not entitled to. He pleaded guilty to all six charges laid against him at Teesside Magistrates Court and was ordered to pay an £846 fine, £338 victim surcharge, and £1,270 towards the Council's legal and investigation costs.
- 10 Investigative work in 2023/24 has identified £52k of loss due to fraud and error. The counter fraud team supports the Council to recover losses identified as part of investigations. Counter fraud savings are also tracked by monitoring repayments to the Council and calculating the value of stopping ongoing frauds. To date £33k of counter fraud savings have been identified.
- 11 Working with Legal Services, the team assist the Council to trace individuals who have outstanding debts. This year information has been provided to support the recovery of debts totalling £47k.