

COUNTER FRAUD PROGRESS REPORT

Date: 14 March 2024

Appendix 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 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 investigates allegations of fraud, plans and takes part in counter fraud campaigns (eg the National Fraud Initiative), undertakes fraud awareness activities with staff and the public, and maintains and updates 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 A key objective for the counter fraud team is to raise awareness of fraud with members of staff and the public. International Anti-Corruption Day was marked in December by providing information to employees about the risks of bribery and money laundering faced by the council.
- 5 Earlier exercises were delivered during International Fraud Awareness Week in November, Cyber Security Awareness Month in October, and World Whistleblowers' Day in June. In addition, service specific training has been provided to officers working in the benefits team.



MULTI-AGENCY WORK

- 6 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. The results of the 2022/23 data matching exercise (which identified 6,100 data matches) are currently being reviewed by the counter fraud team and other services across the council.

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

INVESTIGATIVE WORK

- 7 Between 1 April 2023 and 31 January 2024, the counter fraud team received 93 referrals of suspected fraud. These cover potential council tax fraud, council tax reduction fraud, internal fraud, blue badge fraud, and debt evasion issues. Referrals have been made by members of staff, the NFI, and the public. Thirty-one investigations have been completed this year and there are currently twenty cases under investigation. One person has been successfully prosecuted and four people have received formal warnings for fraud involving the council tax reduction scheme and council tax discounts.
- 8 Investigative work in 2023/24 has identified £55k of loss due to fraud and error. The counter fraud team supports the Council to recover losses identified as part of investigations. Counter fraud savings² are also tracked by monitoring repayments to the Council and calculating the value of stopping ongoing frauds. To date £39k of counter fraud savings have been identified.
- 9 The team is also supporting legal proceedings taken by the Council to recover £300k of outstanding business rates from a company with substantial commercial property holdings within Middlesbrough. The case is currently going through the court process.

² Counter fraud savings consist of money recovered during the course of the year (debts may have been calculated in previous years as well as the current financial year) and 12 months of savings where an ongoing fraud has been stopped through the work of the counter fraud team.