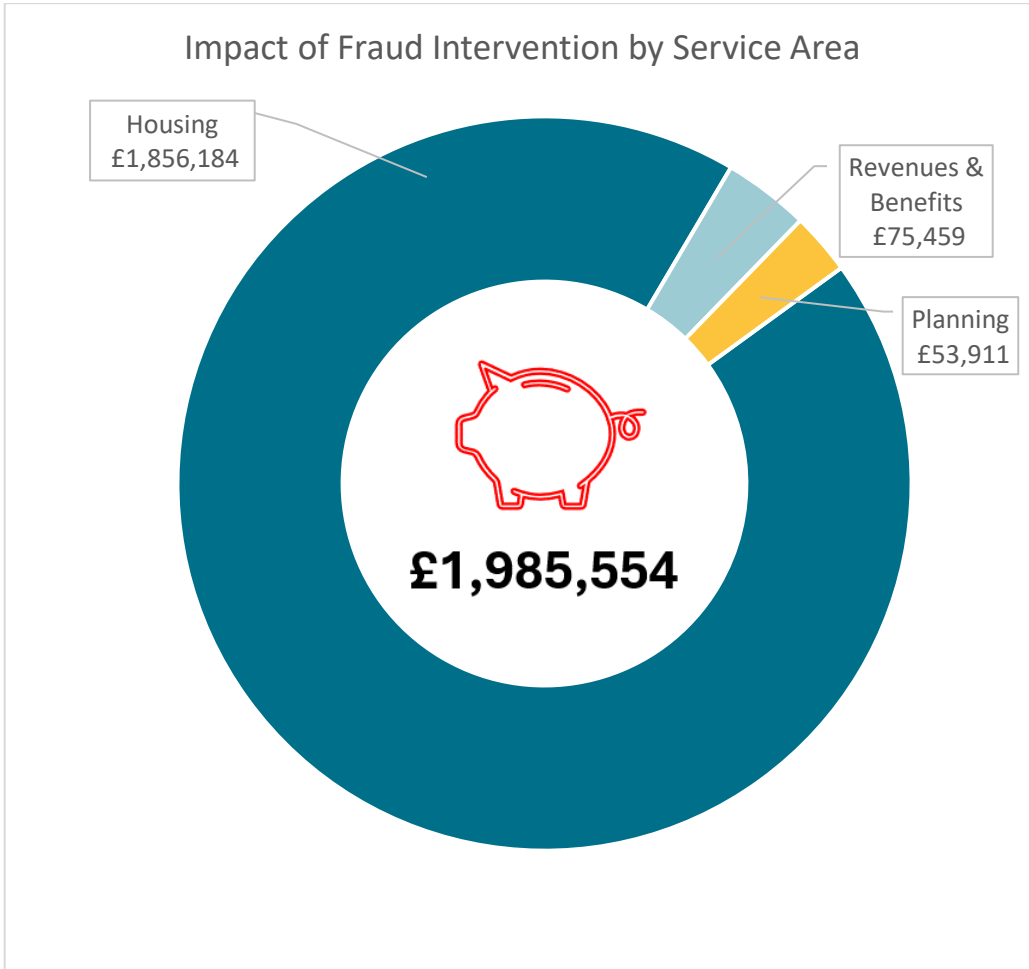


# Corporate Fraud Annual Report 2023/24

# Annual Corporate Fraud Activity 2023/24 "At a Glance"



<b>GOVERN</b>	<p>Policy refreshes completed:</p> <ul style="list-style-type: none"> <li>• Whistleblowing Policy</li> <li>• Anti-Money Laundering Policy</li> <li>• Anti-Fraud and Corruption Strategy</li> </ul> <p>Ongoing publicising and promotion of countering fraud risk</p>
<b>ACKNOWLEDGDE</b>	<p>Seven specialist training events provided to Officers and Councillors throughout the year</p> <p>Ongoing attendance at the Council’s Enforcement Officers Group</p> <p>Promotion of fraud awareness through the International Fraud Awareness week and Corporate Market Place Event</p>
<b>PREVENT</b>	<p>255 cases for investigation opened during 2023/24</p> <p>Data-led analytics on grant payments completed as joint working with Internal Audit</p> <p>Due diligence on Right to Buy applications embedded and ongoing</p>
<b>PURSUE</b>	<p>Financial Benefit of £1,985,554 due to Fraud Interventions in 2023/24</p> <p>National Fraud Initiative investigations and queries are ongoing. Nineteen match-types have been investigated and closed</p> <p>Partnership working to deliver cautions, prosecutions and administrative penalties</p>

## National and Local Context

East Suffolk Council take its responsibility as the guardians of public money very seriously.

The Council is fully committed to the highest ethical standards to ensure proper use and protection of public funds and assets.

Fraud and corruption undermine the aims of the corporate vision and strategic ambitions for the people of East Suffolk.

East Suffolk Council has a commitment from the top to an overall zero-tolerance approach to fraud, corruption, bribery, and other irregularity to ensure the protection of public funds and has an effective system of prevention and detection.

There is a dedicated Corporate Fraud Service whose function is to investigate any aspects of fraud activity relating to the Council, Employees, Elected Members, Partnerships, and direct Contractors. To manage the risk of fraud and corruption the Council must follow the best ethical practices, procedures, and principles, therefore maintaining a high level of integrity throughout the Council. We have a duty to protect our residents within our community and protect the essential funds to help them.

This report is to present the Audit and Governance Committee with a summary of the Council's Corporate Fraud activities and successes during 2023/24. An overall summary is provided in the "At a Glance" page preceding this. A detailed breakdown is provided in the following pages.

The Corporate Fraud Service's work has been completed in line with the Corporate Fraud Business Plan 2023/24, which set out the four pillars of counter fraud activity: nationally recognised standards set out by the Chartered Institute of Public Finance and Accountancy (CIPFA). These key principles underpin the Council's approach to support the management of Fraud Risk and Counter Fraud Activity.

Each year the Corporate Fraud Service expects to recover at least twice the cost of the Service by preventing/identifying fraudulent cases. This has been achieved.

A continued focus during 2023/24 has been to maintain closer working relationships across specific areas to understand the risks of fraud awareness and how fraud can permeate any area of work. The Service has access to the National Anti-Fraud Network which provides current data updates on identified fraud nationally.

The Service has access to the National Anti-Fraud Network which provides current data updates on identified fraud nationally. This intelligence enables the Council to raise awareness internally in respect of the latest serious and organised crime trends throughout the UK and protect against the harm that fraud can do to the Community.

# Activity and Performance 2023/24: Cases Closed



## Activity and Performance 2023/24

### Breakdown of Fraud Interventions closed in 2023/24

#### Housing

##### *Right to Buy Due Diligence*

The Corporate Fraud Service support the Housing Right to Buy (RTB) team with due diligence assessments to prevent and detect crime e.g. checking for any false declarations; not using the property as the main and principal home and address the money laundering regulations. All RTB applications therefore are subject to fraud due diligence checks to identify potential fraud issues or irregularities. This may result in a recommendation by the Corporate Fraud Service to Housing either to proceed or not to progress with the transfer sale for various reasons advised to them.

As a result of Corporate Fraud Service intervention, seven RTB applications were recommended to the Housing Team not to proceed for various reasons. This enabled the Housing Team to consider the recommendation and issue notices to the relevant applicants to advise cancellation of their RTB applications.

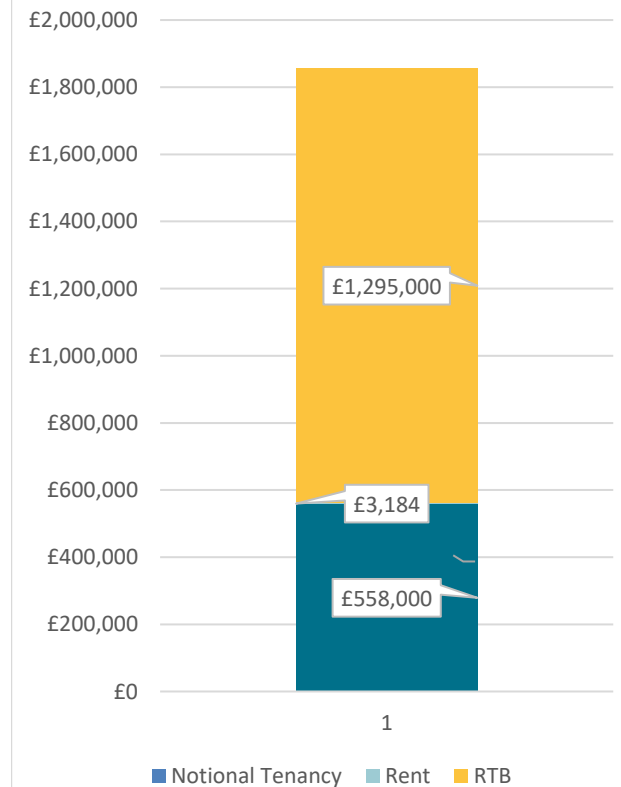
Any RTBs, that tenants submitted, which were not recommended for processing can re-apply at a later date and be treated as a new application: repeat due diligence procedures would apply and the property valued accordingly depending on the time lapse difference.

The seven RTB applications that were not recommended for sale equated to property values (current market value of the RTB application date) of **£1,295,000** before any tenants' discount was applied. The tenants

would have paid the lower price of £745,000 (the discount amounted to £550,000) to the Council. NB: the collective tenants' discount in these seven RTB applications all differ depending in the qualifying years severed as a total tenant.

The intervention of the Corporate Fraud Service has currently assisted by safeguarding the actual market value of each of these properties. These properties are retained within the housing portfolio and continue to be available for the housing list and enable the Council to receive the monthly rental income.

Breakdown of Fraud Intervention in Housing  
2023/24



## Activity and Performance 2023/24



### *Tenancy Fraud*

Social Housing Fraud deprives legitimate tenants of access to affordable homes and has a direct impact on local people, their families, and communities.

Investigations are performed under the Prevention of Social Housing Fraud Act 2013 to prevent fraudulent activity to establish whether any criminal offences have been committed in respect of the tenancy (not living in the property as their main and principal home). All Corporate Fraud Investigators have been trained to use their additional powers under this Act to establish the facts.

Following investigations by the Corporate Fraud Investigator, which usually concludes with a joint visit with the relevant Housing Officer to the property/tenant, six properties were recovered, with the keys handed back / or the tenants relinquished their tenancy when advised of the specific fraud enquiries and facts uncovered. Using National Fraud Initiative, Cabinet Office guidelines, the notional value of £93,000 per recovered tenancy is applied, giving a fraud international value of  $6 \times £93,000 = \mathbf{£558,000}$ .

These properties were then brought back into the Council's Housing Stock to enable other eligible families to come off the waiting list and become a tenant. The number of applications on the register currently stands at 4614.

The Corporate Fraud Service assisted Newtide (formerly Flagship Homes) in securing two properties back into the Housing stock that comes under the Gateway to Home Choice records.

### *Rents*

Where a tenant overpays rent due and accrues a credit, Council procedures require that Fraud Investigators undertake due diligence checks to ensure there are no irregularity or money laundering concerns before a refund is processed.

Credit refunds that pass due diligence checks can be used to offset other debts owed by the tenant to the Council.

All refund referrals received successfully passed due diligence in 2023/24.

## Human Resources

### *Internal Investigations*

All Corporate Fraud Service members have the professional expertise to assist in any internal irregularity cases and will investigate to a criminal standard as normal procedure. The Corporate Fraud Service has continued to support the HR department during 2023/24.

## Activity and Performance 2023/24



### Planning and Coastal Management

#### *Community Infrastructure Levy Payments*

The Community Infrastructure Levy (CIL) allows East Suffolk Council to collect financial contributions from developers to help pay for new and improved infrastructure. It is charged on all new eligible residential development. However, when building a new home to be used as your main or sole residence you will not have to pay CIL for that development. Similarly, if you plan to build an extension to your house or an annex in the grounds of your house you will also be exempt from paying CIL. These exemptions are conditional, and an application is required to be submitted to the Council.

The Community Infrastructure Levy team is supported by the Corporate Fraud Service, who use their powers to prevent and detect crime by identifying specific properties where the applicant applied for exemption from the liability to pay CIL but has not fulfilled the conditions relating to their declaration. i.e. they had not complied with the specific timeline for occupying by re-selling it.

As a result of Corporate Fraud Service enquiries, the CIL team have been able to issue notices to the relevant applicants reclaiming sums due of **£53,911.42** in total.

### Finance

#### *Government Grants 2023/24*

The Government has continued to provide various financial support to be administered by Local Authorities.

Where these were identified the Council undertook initial recovery of incorrectly (or fraudulent) claimed grants. In line with the Governmental Debt Recovery Guidance the Corporate Fraud Service provided evidence to the Finance Department of any relevant fraud enquiries undertaken.

The Corporate Fraud Service to date are still providing details from their enquiries to Government Agencies that have COVID grants to be repaid.

For other various Government Grant schemes, the Fraud / Audit Team have also provided strategic advice on fraud risks, due to their experience with the Council's fraud risk assessment and coordinated intelligence-gathering where necessary.

## Activity and Performance 2023/24

### Revenues and Benefits

#### Business Rates

Investigations identified businesses properties that had not been listed by the Valuation Office Agency. These businesses have now been brought into the listing for Business Rate purposes resulting in new bills totalling **£16,257**.

#### Council Tax - Single Person Discount (SPD)

Investigations identified people claiming single person discount when in fact, more than one person lived there as their main and principal home resulting in bills of **£18,476** raised. This amount was added to the Council Tax accounts to be paid accordingly.

#### Council Tax - Local Council Tax Reduction Scheme (LCTRS)

Investigations identified individuals claiming Local Council Tax Reduction when in fact they were not entitled to it, resulting in recovery of an overpayments totalling **£14,947**. This amount was added to the Council Tax accounts to be paid accordingly.

#### Housing Benefit Overpayment (HBOP)

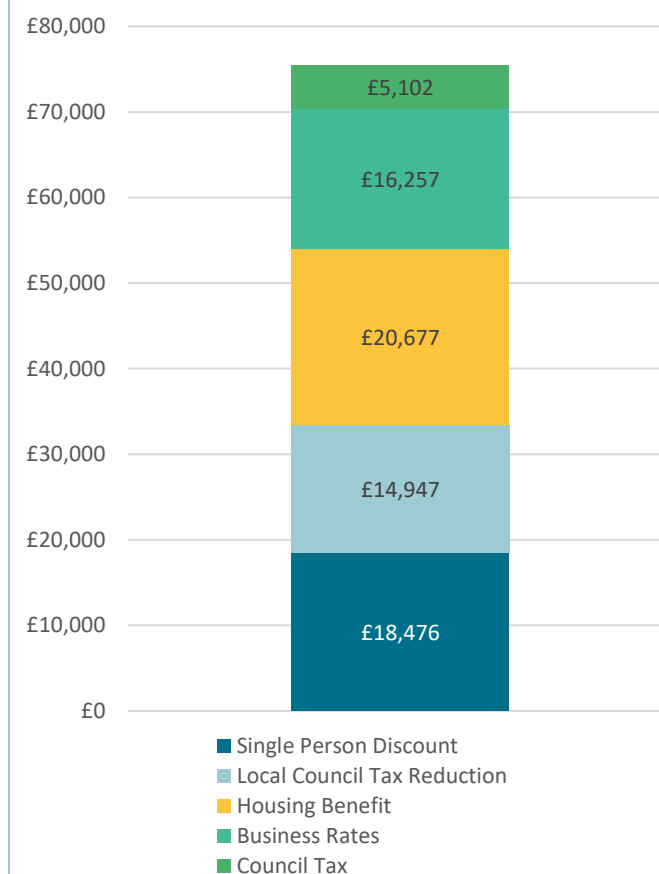
Investigations identified housing benefit irregularities that required amendment resulting in overpayment recovery from claimants totalling **£20,677**.

#### Council Tax

Investigations identified an un-registered Property, with no Council Tax being paid, a rent credit being transferred to Council Tax arrears, and a property returned which had Council Tax arrears on the account, resulting savings totalling **£5,102**.

We had one case opened in 2023/24 that indicated that the Occupier had not paid Council Tax for 11 years. The Valuation Office was advised, this to be reported in the next financial year.

### Breakdown of Fraud Intervention in Revenues and Benefits 2023/24





## Activity and Performance 2023/24

### Anglia Revenues Partnership (ARP)

The Anglia Revenues Partnership delivers the Revenues and Benefits function for five partner local authorities in the Breckland, Fenland, East Cambridgeshire, East Suffolk, and West Suffolk areas. The work of ARP is presented here for information only as a summary of work the undertaken by East Suffolk Council's shared service provider in addition to the work of the internal Corporate Fraud Service.

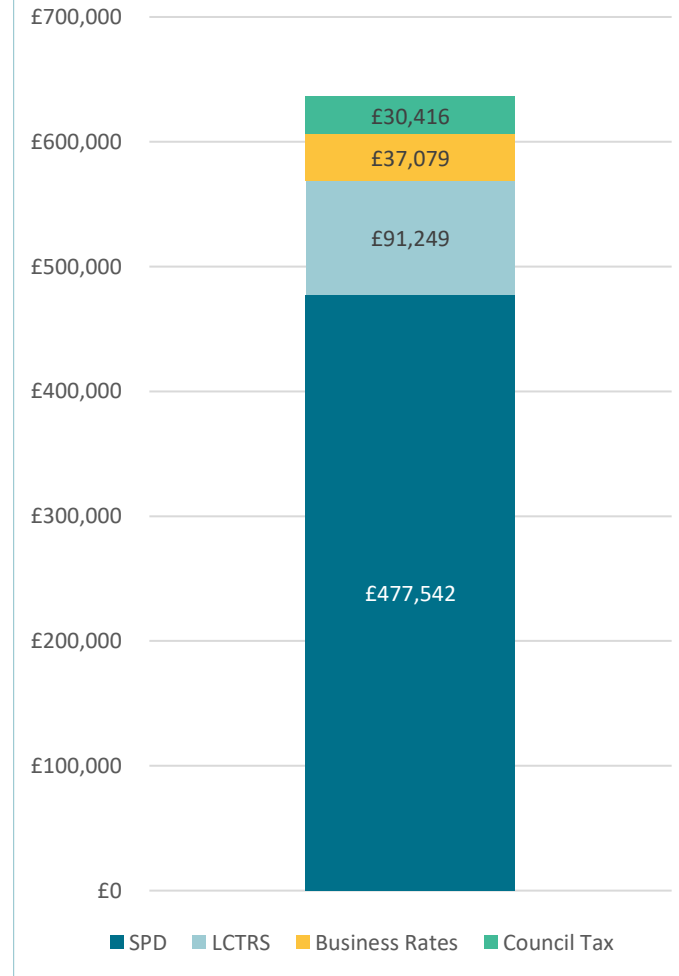
Responsibility for investigating allegations of Housing Benefit Fraud was transferred to the Single Fraud Investigations Service, namely the Department for Works and Pensions (DWP), on 1<sup>st</sup> May 2015. From this date Anglia Revenues Partnership cover investigations into Revenues and Benefits cases with the DWP. However, fraud and error cases investigated by the East Suffolk Council Corporate Fraud Service may be cross-cutting and involve all areas of East Suffolk Council including Revenues and Benefits.

ARP are the designated single point of contact for DWP investigations of revenues and benefits cases. The chart to the right shows the results of the work undertaken on behalf of East Suffolk Council by ARP as the Council's shared service partner for the year 2022/23.

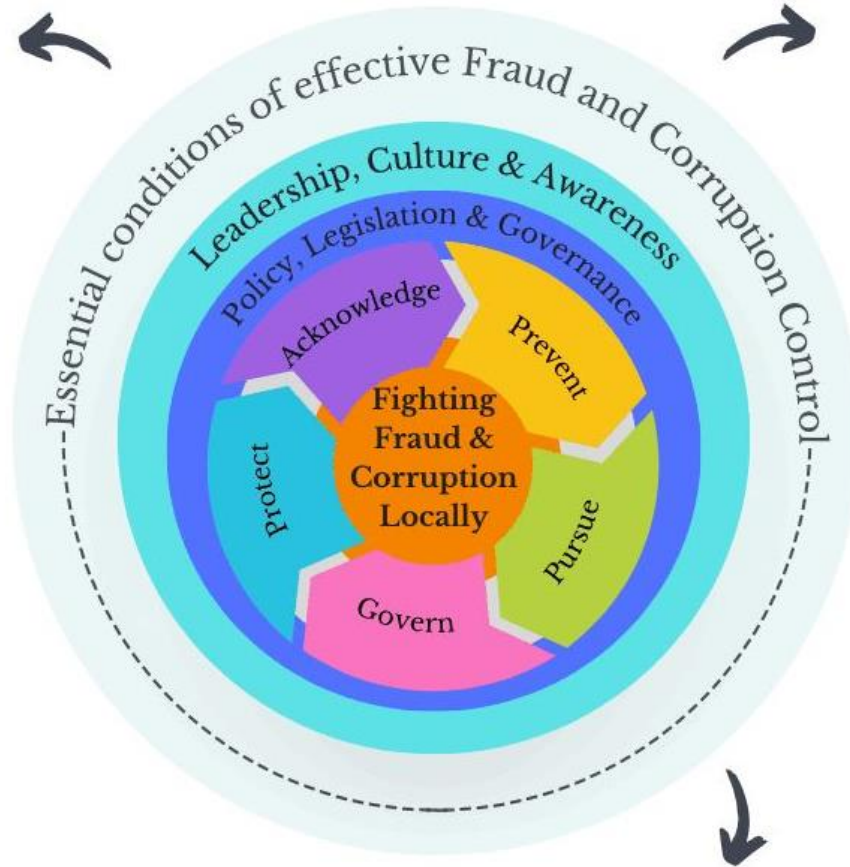
In addition, ARP have contributed to East Suffolk Council's work under the "Pursue" theme:-

- 1 x Administrative Penalty (value £738.40),
- 2 x Cautions
- 2 x Prosecutions (1 joint with the DWP and 1 solely ARP)

Breakdown of Anglia Revenues Partnership case impacts



Strong leadership and commitment by senior management to minimising fraud risks



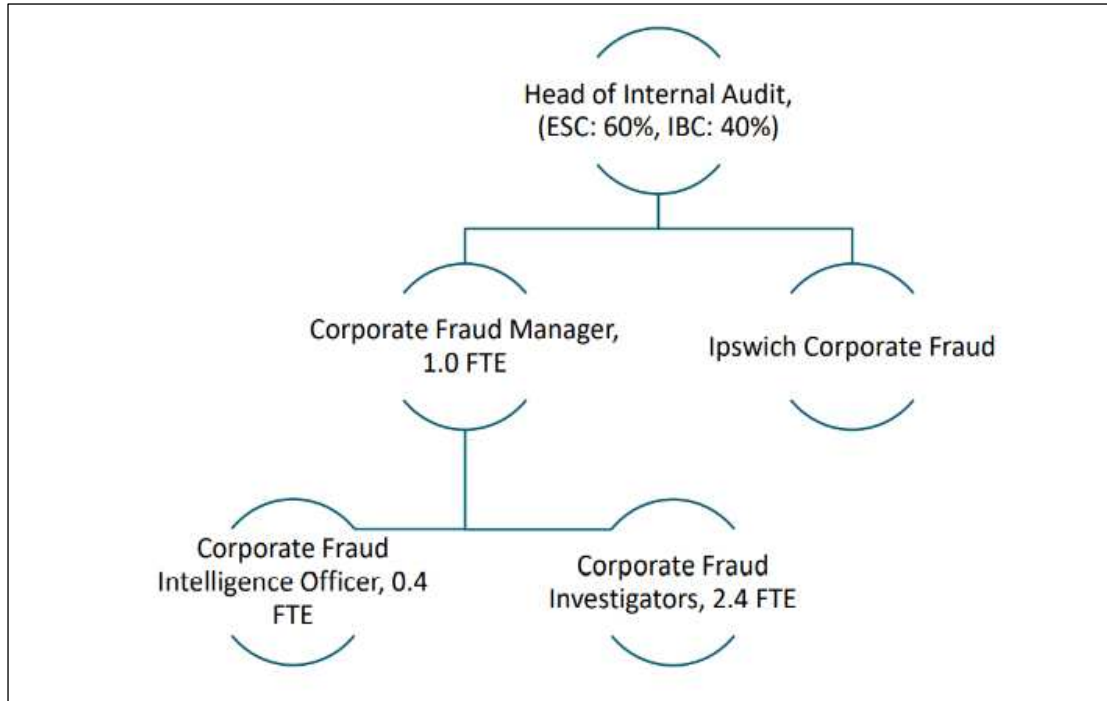
Promotion by management and councillors of an ethical culture with supporting policies and robust governance

Strategies that prevent, detect and respond to fraud and enable the monitoring, evaluating and reporting of processes and outcomes

Source – Meritec Fraud Awareness Training package which all Employees, New Starters and Officers will be required to undertake through the HR System – Oracle, going forward in 2024.

## Activity and Performance 2023/24

### Resources and Staffing



Each year the Corporate Fraud Service expects to recover at least twice the cost of the Service from preventing fraudulent cases or identifying fraudulent payments for recovery.

The direct cost of the Corporate Fraud Service during 2023/24 was £233,931.

Within this year, East Suffolk has an Officer qualified as National Crime Agency Financial Intelligence Officer. The Officer is due to complete their studies shortly to become an Accredited Financial Investigator. This will enable the Partnership with Ipswich Borough Council to make use of both Officers for additional services of the Financial Investigators to undertaken enquiries under the Proceeds of Crime Act 2002.

The Corporate Fraud Intelligence Officer completed her studies and qualified in Fraud Investigations. They have currently split their duties between two jobs, soon to be rectified as two separate duties.

We also advertised for an additional Career Grade Corporate Fraud Investigator in this 2023/24 year who commenced work on 3<sup>rd</sup> June 2024.

In addition, the Head of Service is also accredited as a "Authorised Officer" by the National Crime Agency. They report independently to the Surveillance Commission and act as an Expert Witness to the Information Commissioner.

### Transparency data 01 April 2023 to 31 March 2024

The Local Government Code of Transparency requires of counter fraud activity to be published annually.

#### Information which must be published

Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers	4
Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud	4 staff (3.8 Full Time Equivalents)
Total number of professionally accredited counter fraud specialists	4 staff (3.8 Full Time Equivalents)
Total amount spent by the authority on the investigation and prosecution of fraud	£233,931 Expenditure
Total number of fraud cases investigated	255 fraud and irregularity cases have been investigated by the Corporate Fraud Service

#### Information recommended for publication

Total number of cases of irregularity investigated	Not recorded separately
Total number of occasions on which a) fraud and b) irregularity was identified	44
Total monetary value of a) the fraud and b) the irregularity that was detected	£1,985,554
Total monetary value of the a) the fraud and b) the irregularity that was recovered	a) To be confirmed. b) To be confirmed.

## Activity and Performance 2023/24



### Other Activities

#### *Enabling Referrals*

**Whistleblowing – A confidential telephone hotline (without fear of reprisal) on 01394 444222 is available to report concerns in respect of the Council’s standards to openness, propriety, integrity, and commitment.**

**Fraud - A confidential telephone “fraud” hotline number is 01394 444444 and email: [fraud@eastsoffolk.gov.uk](mailto:fraud@eastsoffolk.gov.uk) is available to report any suspicion of fraud. The caller can leave a message and someone will reply as soon as possible.**

**Fraud Electronic Referral Forms are also available on the Council’s website to enable concerns to be reported by members of the public.**

#### *Intelligence Enquires – Data Protection*

The Corporate Fraud Service received and answered 281 separate GDPR requests in 2023/24 from other government organisations under the heading to prevent and detect crime. These may require the completion of a witness to supplement the enquiry for criminal purposes.

#### *National Fraud Initiative (Mandatory)*

The Corporate Fraud Service continues to participate in the 2022/23 Cabinet Office National Fraud Initiative statutory government data matching exercises. Data matches were received in Quarter 4 of 2022/23 and are currently being worked upon by the Service. East Suffolk Council received 2,098 matches and approximately 35 Data Match sets were identified as having potential fraud risk issues by the NFI. The Anglia Revenues Partnership supports the work of the Corporate Fraud Service and undertake checks on specific matches relating to revenues and benefits.

## Activity and Performance 2023/24



### Training

The Corporate Fraud Service facilitated additional staff training as detailed below:-

Employee Training undertaken 2023/24	Councillor Training undertaken 2023/24
Bond Solon – Case File Preparation – 15 Officers trained RIPA Authorised Officer Training – 5 Officers trained ITS Social Media Training – 16 Officers trained Document Awareness Training – 37 Officers trained ITS Procurement Training – 12 Officers trained	Council Members Fraud Awareness Training – 13 Members trained Council Members Cyber Crime Presentation – 23 Members attended

### *International Fraud Awareness Week*

The Service participates in the International Fraud Awareness week on a yearly basis, and this takes place in November. Proactive exercises were undertaken to promote fraud awareness, including Housing which resulted in two properties being brought back into the Housing stock. Fraud Awareness posters were sent to Landlords, Newtide, Orbit, Orwell, Sanctuary etc and NHS Surgeries in order to promote the International Fraud Awareness week and working together to combat Fraud.

### *Market Place Event*

The Service was promoted during the Market Place Event in February 2024.

### Partnership Working

The Corporate Fraud Service receives national intelligence reports on fraud trends and issues which are shared with appropriate teams in the Council. The Service is professionally linked to a number of external partners e.g. National Anti-Fraud Network, Police, National Crime Agency, Home Office (Border Force), His Majesty's Revenues and Customs, National Health Service, the Cabinet Office - National Fraud Initiative, other Local Government Authorities and Social Housing Providers.