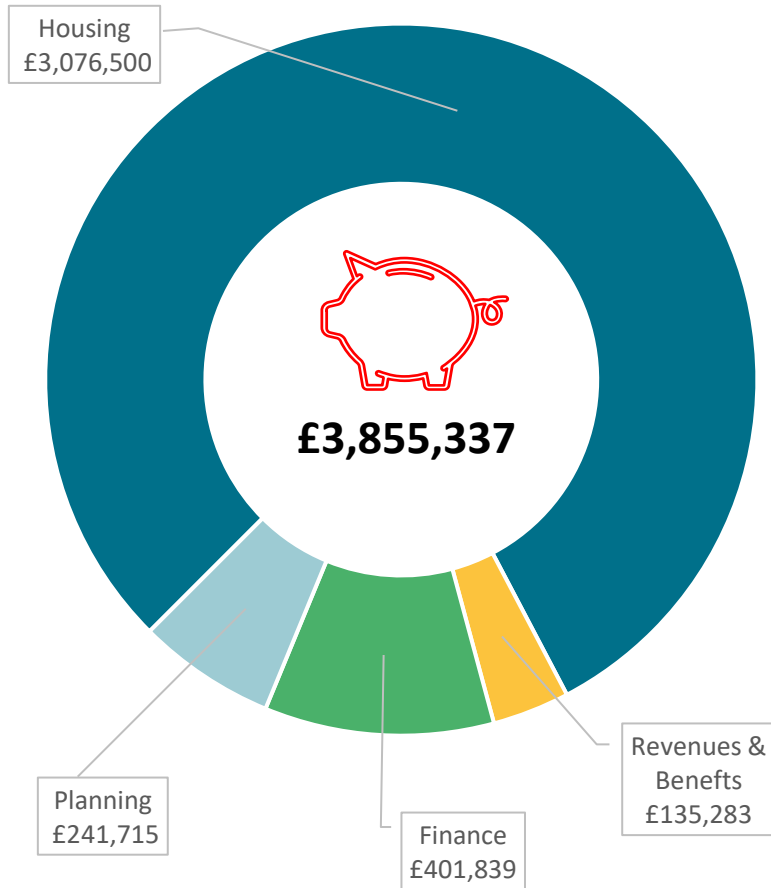


Corporate Fraud Annual Report 2022/23

Annual Corporate Fraud Activity 2022/23 “At a Glance”

Impact of Fraud Intervention by Service Area



GOVERN

Robust arrangements and executive support ensure all anti-fraud, bribery and corruption measures are embedded throughout the organisation

Continuing review of Fraud Policies/Procedures

ACKNOWLEDGE

Assessing and understanding fraud risks

Committing the right support and tackling fraud and corruption.

New Service-level Fraud Risk Assessments developed

Training Council Officials in respect of Fraud issues

PREVENT

Making the best use of information and technology

Enhancing fraud controls and processes

Right To Buy due diligence cases

Corporate Fraud cases investigated

COVID-19 grant cases investigated

PURSUE

Consider Court Prosecutions or other sanctions

Support to other Service Area Court Prosecutions

Financial Impact of Fraud Interventions closed in 2022/23, see left

National and Local Context

Fraud is the crime most experienced in the UK. Fraud costs the UK many billions of pounds every year. The impact of fraud and related offences such as market abuse and counterfeiting, can be devastating, ranging from unaffordable personal losses suffered by vulnerable victims to impacting the ability of organisations to stay in business. Data breaches continue to be a key enabler of fraud. Personal and financial information obtained in a breach can be used to commit frauds affecting individuals, the private and public sectors alike. By harvesting personal and financial information through data breaches, criminals are able to commit fraud and damage people, businesses and services. (National Crime Agency).

CIPFA Fraud and Corruption Tracker (2020) report, recognises that each pound lost to fraud represents a loss to the public purse and reduces the ability of the public sector to provide services to people who need them. According to the Annual Fraud Indicator in 2017, with the then latest figures, estimates fraud costs the public sector at least £40.3 bn annually with £7.3 bn of this total being lost on local government. This continues to grow with the increasing threat of fraud within the UK.

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 2022/23. 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 team's work has been completed in line with the Corporate Fraud Business Plan 2022/23, 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 2022/23 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 Team has access to the National Anti-Fraud Network which provides current data updates on identified fraud nationally.

Activity and Performance 2022/23: Cases Closed



Activity and Performance 2022/23

Breakdown of Fraud Interventions closed in 2022/23

Housing

Right to Buy Due Diligence

The Corporate Fraud team support the Housing Right to Buy (RTB) team with due diligence assessments to prevent and detect crime e.g. false declarations etc and consider money laundering prevention. All RTB applications undergo the due diligence checks to identify potential fraud issues or irregularities. This may result in a recommendation by the Corporate Fraud team 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 team intervention, thirteen 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 cancel their RTB application.

Any RTBs that were not recommended for processing can re-apply at a later stage and be treated as a new application: repeat due diligence procedures would apply and the property valued accordingly.

The thirteen RTB applications not recommended for sale equated to property values (current market value) of **£2,332,500** before any tenants' discount was applied.

Potentially if the thirteen properties had been sold the tenants would have paid £1,269,920 to the Council.

The collective tenants' discounts in these cases all differ with each RTB application depending on the qualifying years served as a social tenant. Accordingly, the thirteen properties not recommended to proceed would have amounted to the tenants receiving discounts totalling £1,062,580.

The intervention of the Corporate Fraud team 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 receive the monthly rental income from rent payments.

Breakdown of Fraud Intervention in Housing 2022/23



Details of each category are provided on pages 5 and 6 of this report

Activity and Performance 2022/23



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 team concluding with a joint visit to the tenant at the property in question to advise the enquiries along with the relevant Housing Officer; eight ESC Social Housing properties were recovered, with the keys handed back / or the tenants gave up their tenancy when advised of the fraud enquires and facts uncovered. Using Cabinet Office guidelines, the notional value of £93,000 per recovered tenancy is applied, giving a fraud intervention value of $8 \times £93,000 = \mathbf{£744,000}$.

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 4548.

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 successfully passed due diligence in 2022/23.

Human Resources

Internal Investigations

All Corporate Fraud team members have the professional expertise to assist in any internal irregularity cases and will investigate to a criminal standard as normal procedure.

One case was referred during 2022/23. Following relevant enquiries, a report providing the relevant facts was accepted by Management.

Activity and Performance 2022/23



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 annexe 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 team, 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.

As a result of the Teams enquiries, the CIL team have been able to issue notices to the relevant applicants reclaiming sums due of **£241,715** in total.

Finance

COVID-19 Business Grants

In response to the Coronavirus pandemic, the Government announced there would be financial support for small businesses to be administered by Local Authorities. East Suffolk Council made 32,031 payments totalling £135,335,554 in support of businesses affected by the COVID-19 lockdowns. The Corporate Fraud team supported the administration of these COVID-19 business grants by undertaking pre and post payment checks as necessary.

Where these were identified the Council undertook initial recovery of incorrectly (or fraudulent) claimed grant funds. In line with governmental Debt Recovery Guidance the Corporate Fraud team has provided evidence to the Finance Dept of the relevant fraud enquires undertaken.

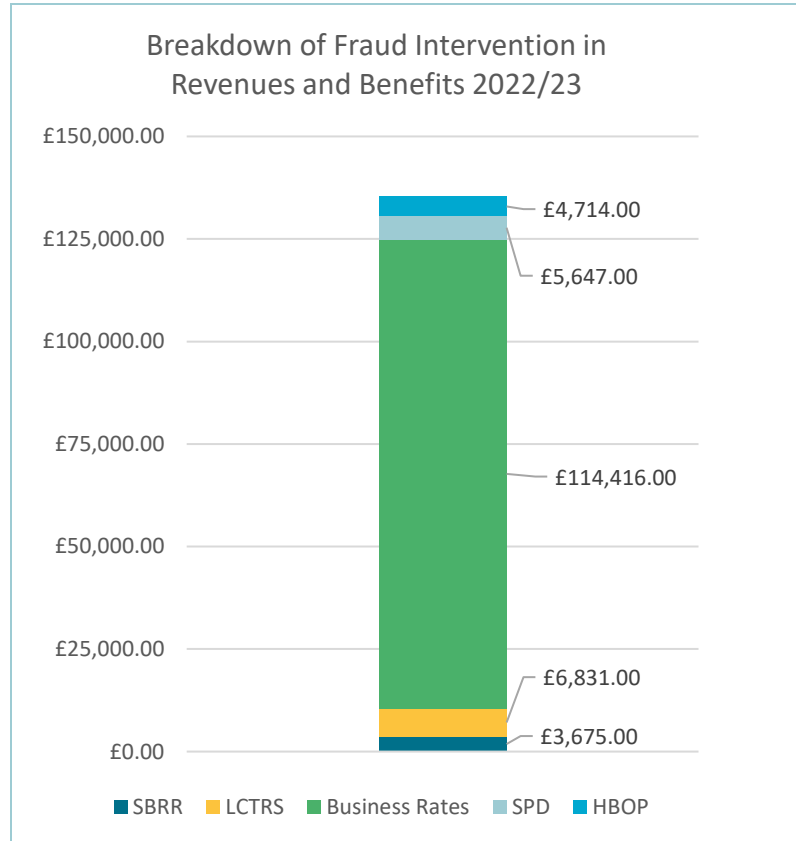
The combined value of prevented and detected irregularity or fraud in COVID-19 business grant cases closed during 2022/23 is **£401,839**.

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 also co-ordinated intelligence-gathering where necessary.

Activity and Performance 2022/23



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 **£114,416**.

Small Business Rates Relief (SBRR)

Investigations identified businesses with additional undeclared premises resulting in the Small Business Rate Relief being removed and bills of **£3,675** raised.

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 **£5,647** raised.

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 **£6,831**.

Housing Benefit Overpayment (HBOP)

Investigations identified housing benefit irregularities that required amendment resulting in overpayment recovery from claimants totalling **£4,714**.

Anglia Revenues Partnership (ARP)

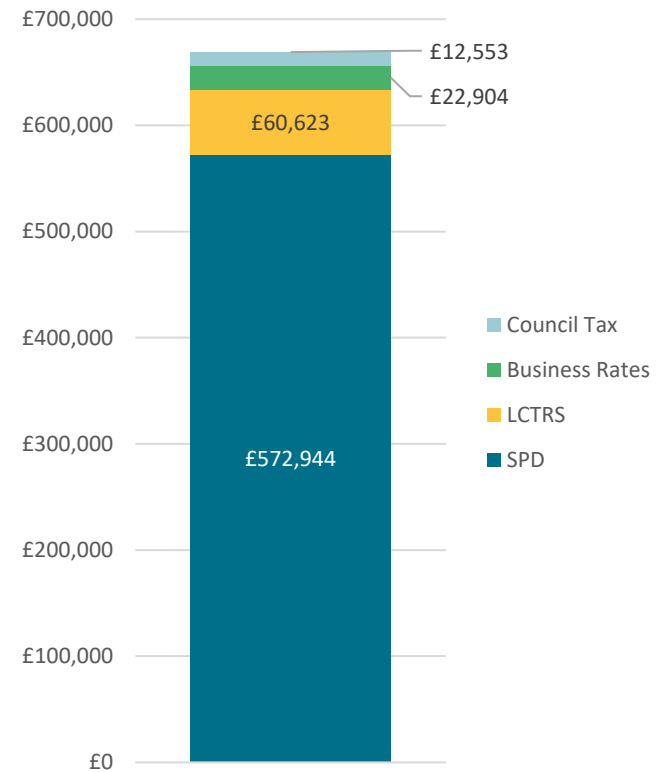
The Anglia Revenues Partnership delivers the Revenues and Benefits function for five 5 partner local authorities in the Breckland, Fenland, East Cambridgeshire, East Suffolk, and West Suffolk areas. The work of ARP is presented here for information only as a summary of work the undertaken by East Suffolk Council’s shared service provider in addition to the work of the internal Corporate Fraud team.

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 1st 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 team 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.

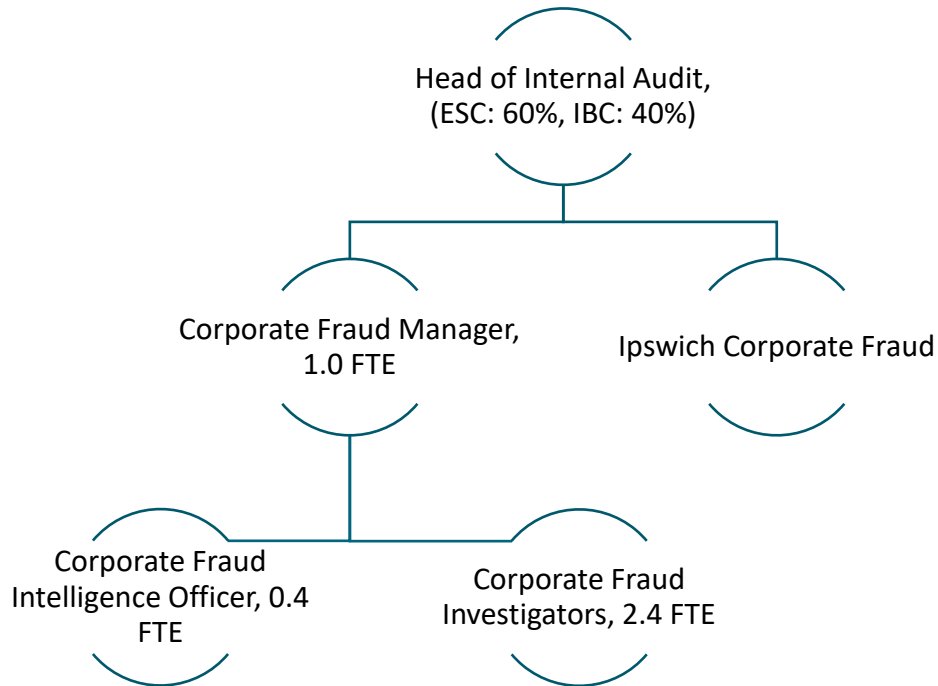
In addition, ARP have contributed to East Suffolk Council’s work under the “Pursue” theme through one administrative penalty, two cautions and two prosecutions. One of these prosecutions into a fraudulent benefits claim was undertaken jointly with the DWP and resulted in a court fine of £25,000.

Breakdown of Anglia Revenues Partnership case impacts



Activity and Performance 2022/23

Resources and Staffing



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

The net direct cost of the Corporate Fraud function during 2022/23 was £208,339.

East Suffolk Council in Partnership with Ipswich Borough Council can call upon the additional services of a Financial Investigator accredited by the National Crime Agency to undertake enquires under the Proceeds of Crime Act 2002.

The Head of Service is also accredited as a “Authorised Officer” by the National Crime Agency.

We have the ability to pool resources with Ipswich Borough Council as a Partner along with our Audit colleagues.

Activity and Performance 2022/23

Transparency data 01 April 2022 to 31 March 2023

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	6
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	£208,339 net
Total number of fraud cases investigated	318 fraud and irregularity cases have been investigated by the Corporate Fraud team

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	66
Total monetary value of a) the fraud and b) the irregularity that was detected	£3,855,337
Total monetary value of the a) the fraud and b) the irregularity that was recovered	To be confirmed

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 standard of openness, propriety and integrity and commitment etc.

Fraud - A confidential telephone “fraud” hotline number is 01394 444444 and email: fraud@eastsoffolk.gov.uk is available to report any suspicion of fraud. Please leave a message and someone will get back to you as soon as possible.

Electronic 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 team received and answered 347 separate GDPR requests in 2022/23 from other government organisations under the heading to prevent and detect crime. These may require the completion of a witness statement to supplement the enquiry for criminal purposes.

National Fraud Initiative (Mandatory)

The Corporate Fraud team 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 Team. East Suffolk Council received 1,473 matches and approximately 740 were identified as having potential fraud risk issues by the NFI. The Anglia Revenues Partnership supports the work of the Corporate Fraud team and undertake checks on specific matches relating to revenues and benefits.

Activity and Performance 2022/23



Training

The Corporate Fraud team facilitated additional staff training to raise awareness of the Regulation of Investigatory Powers Act and Money Laundering for staff guidance involved in official surveillance and money laundering awareness.

<i>RIPA (Regulation of Investigatory Powers Act 2000)</i> 5 Authorised Officers trained 49 Investigations Officers trained	<i>Money Laundering</i> 82 Officers provided with Anti-Money Laundering Training
--	---

International Fraud Awareness Week

We participate in the International Fraud Awareness week on a yearly basis, and this takes place in November. Proactive Exercises were undertaken to promote awareness to Landlords, NHS Surgeries and others.

Partnership working

The Team receives Intelligence reports for the entire UK of the latest fraud trends/issues which they share with relevant teams. The team maintains contact with relevant fraud support and partners includes National Anti-Fraud Network, Police, National Crime Agency, Home Office (Border Force), HMRC, National Health Service, National Fraud Initiative, Suffolk County Council, other teams within East Suffolk Council, Norse Group, other Local Government Authorities, and Social Housing Providers.

Enforcement Officers Group (Internal)

The Head of Internal Audit led the reintroduction of this Group with the first meeting for Enforcement Officers held in December 2022. The group meets quarterly and allows all Enforcement Officers working within East Suffolk Council area and Partnerships to discuss best practice, review cases affecting multiple services and develop cross-cutting improvements.