



## 1. Introduction

1.1 The Council's Counter Fraud and Investigation Team investigates allegations of fraud and irregularity against the Council and is committed to upholding the Council's Anti-Fraud, Bribery and Corruption Policy. The Team works across all directorates to support the prevention and identification of fraud and to provide a dedicated proactive counter fraud and responsive investigation service. The purpose of this report is to:

- Provide an update on the work and results of the Counter Fraud and Investigation Team during the period 1<sup>st</sup> April 2021 to 30 September 2021.
- Outline the key activities undertaken to tackle fraud.
- Provide an update on the council's whistleblowing arrangements.

## 2. Key Messages

- 2.1 The Counter Fraud and Investigation Team undertakes investigative work in a variety of fraud risk areas including social housing tenancies, council tax, direct payments and internal investigations. It also undertakes a number of proactive exercises including the use of data matching and analysis to prevent and detect fraud and identify savings to the Council.
- 2.2 The work of the team continues to contribute significant benefits across the Council as reflected by the following outcomes:
- Recoverable savings of £153,306
  - Notional savings of £893,700
  - Ongoing savings of over £2,209 per week identified.
  - 13 council properties regained /other positive housing outcome
- 2.3 The team also have responsibility for receiving and co-ordinating responses to Whistleblowing referrals. We have worked to improve the process and confidence in the process and have closed 5 of these in the current year to date, some resulting in service improvements.
- 2.4 The team has also procured and commenced implementation of the Cabinet Office Fraud Hub and rollout of an Application checking system.
- 2.5 22 fraud referrals have been investigated details of which are provided in Appendix 1.

## 3. Fraud risk area – Benefit fraud

- 3.1 The team provides support to the Department for Work and Pensions in their housing benefit fraud investigation work. The DWP's current capacity is greatly impacted by backlogs of work which accumulated during the pandemic. In the first half of 2021/22 the team has dealt with:
- 52 DWP requests for housing benefit information and documentation
  - 1 DWP request for a witness statement
  - 1 DWP request that the Council administer an "Administrative Penalty" (a form of fine) in a case involving the overpayment of housing benefit due to a claimant not disclosing income from employment.

- 3.2 The team also investigates frauds involving the BCC Council Tax Reduction (CTR) Scheme. There are 16 current open CTR investigations. The team have closed 25 CTR cases, 9 of which resulted in financial savings.
- 3.3 The team have delivered a bespoke counter-fraud awareness training to new benefit assessors in the Council's Housing Benefit Service.

#### **4. Fraud risk area – Tenancy Fraud**

- 4.1 Tenancy fraud and abuse is a key risk area for the Council. In support of the Council's strategic objective of reducing homelessness and to help ensure that council housing properties are allocated to and used by those with a genuine need, the team undertakes a significant and important programme of work each year to identify and recover properties lost to tenancy fraud.
- 4.2 Working collaboratively with colleagues in Housing and Landlord Service the team have achieved:
- 13 regains/housing positive outcomes. A regain is a property that was being illegally sublet or otherwise abused which has been repossessed to be available for someone on the housing waiting list. A housing positive outcome could be a cancelled fraudulent right to buy or housing application or a succession claim denied due to fraud.
  - 122 Right to Buy applications checked.
  - Bespoke fraud awareness training is being rolled out across Housing and Landlord Services with sessions successfully delivered to the Rents Team and Accessible Homes Team.
- 4.3 Ongoing work includes:
- 3 criminal prosecutions pending.
  - 9 cases with Legal Services and/or notice to quit has been served.
- 4.4 The team participates in the Cabinet Office National Fraud Initiative data matching exercise every two years. The exercise collects data from local authorities and other public sector organisations and matches the data with the aim to detect anomalies that may indicate fraud. In March 2021 a total of 1,164 tenant matches from the National Fraud Initiative exercise were received. Many of these have been sifted using both data analysis and manual checks to identify fraud and error as well as to update data held by Bristol City Council.
- There have been 132 matches of deaths to housing waiting list which have been removed from the Bristol Homechoice waiting list.
- 4.5 Further work undertaken:
- A data match of tenancy data to care homes records was undertaken. There are 4 cases of potential fraud being investigated and the team is working closely with Housing and Landlord Services in respect of other matches.
  - A proactive data led exercise of a housing tower block.

## 5. Fraud Risk Area – Corporate Fraud

- 5.1 The team have responded to a number of fraud referrals during the first half of the year. Appendix 1 provides details of the cases closed between 1 April 2021 and 30 September 2021.
- 5.2 The team provides a wider liaison role with other agencies and dealt with:
- 127 Pupil Tracking Requests, working with the Council’s Education Welfare Team to identify fraud and error.
  - 55 GAIN (Government Agency Intelligence Network) requests, assisting the Police with major crime enquiries

## 6. National Fraud Initiative (NFI) & Data Analytics

### National Fraud Initiative

- 6.1 The team have been working through the output from the biennial Cabinet Office National Fraud Initiative data-matching exercise, which is a mandatory exercise which matches our data with other Local Authorities data and some external datasets, in order to identify fraud. A total of 16,565 matches was received in March 2021, of these.
- 5,256 matches have been cleared
  - 136 blue badges cancelled due to the badge holder being confirmed as deceased.
  - 20 duplicate payment/creditor errors identified
  - In addition, a team in Local Taxation have been working through the output designed to identify single persons discount fraud. Output of 5,159 matches is being reviewed with savings of £17,756 identified so far.

### Fraud Data Hub

- 6.2 The Cabinet Office - NFI Fraud Hub has been procured and the team provided with training. The NFI Fraud data hub enables regular matching of both internal and some external datasets to identify potential fraud. The system is being implemented and the first dataset has been uploaded and output being reviewed. Work is underway to make the process of extracting the data from our systems more efficient and automated. With regular data refreshes, the Fraud Hub will identify fraud and change of circumstances of an individual that may affect an entitlement to a benefit or service, more quickly.
- 6.3 In addition the NFI Fraud Hub also gives council wide access to an application checking facility, which allows applications to Bristol City Council to be checked across all of the combined Local Authority data provided for the statutory NFI exercise. We have just rolled access out to the Housing Options team and are exploring other areas where it could prove beneficial.
- 6.4 Other options are being explored for a longer-term fraud hub solution, with the cost of procuring or entering into a collaborative arrangement with a supplier, being considered by the Project Board.

## Covid grant work

- 6.5 The pre-payment checking of business support grants is largely drawing to a conclusion with only the occasional files being received for checking. Use of the NFI Fraud hub is being explored, to do a final check across all payment files for possible fraudulent cases. A small number of investigations are ongoing.

## 7. Whistleblowing

- 7.1 There have been 9 referrals through the Whistleblowing process in the first 7 months of the year. This is higher than expected with usually 7-9 referrals per year. This could suggest an increase in awareness and confidence in the process. Details are provided below:

| Carried Fwd from 20/21  | Referrals to date | Closed in year to date | In Progress |
|---|-------------------|------------------------|-------------|
| 4   | 9                 | 5                      | 8           |
| <b>Closed cases</b>   |                   |                        |             |
| Two referrals were assessed as not current Whistleblows. The referrals related to personal grievances of individuals.   |                   |                        |             |
| An allegation was received relating to a contractor used in Response Repairs using sub-standard materials. The referral was passed to the Response Repairs Manager to ensure effective management of the contractor's work. |                   |                        |             |
| Non-compliance with Covid safety measures at social care establishment was reported. A Health and safety inspection was undertaken and arrangements were found to be satisfactory and Covid compliant.                      |                   |                        |             |
| A Public Health Officer raised concerns about staff safety on visits and access to intelligence. Following an investigation, some minor updates to policy were agreed.  |                   |                        |             |

- 7.2 In response to a recommendation from the annual independent review of Whistleblowing arrangements, Managers have been reminded of the Whistleblowing process and that it covers anybody engaged in work for Bristol City Council. This includes 'volunteers' who may not have access to the Council's Intranet and asks that Managers make them aware of the procedure.
- 7.3 Work is also underway to improve understanding of what constitutes Whistleblowing and changes are planned to the procedure which will be shared with the Audit Committee at a later meeting.

## 8. Benefits of Counter Fraud Activity

- 8.1 Counter-fraud activity can result in financial benefits being identified for the Council. The following table details the areas where this has occurred this year to date (as at 31<sup>st</sup> October 2021) from across the Council:

| Fraud Area                                | Recoverable     | Notional £ (note i, ii) | Weekly Cost Avoidance | Other Cost Avoidance | Administrative penalty |
|---|-----------------|-------------------------|-----------------------|----------------------|------------------------|
| Tenancy Fraud                             | £29,838         | £837,000                | £335                  | -                    | -                      |
| Right to Buy                              | -               | £56,700                 | -                     | -                    | -                      |
| NFI – Main review                         | £84,486         | -                       | £1,169                | -                    | -                      |
| Housing Benefits (DWP)                    | £6,280          | -                       | £338                  | -                    | £1,093                 |
| Council tax Reduction (BCC)               | £9,895          | -                       | £318                  | -                    | -                      |
| Corporate Fraud                           | £5,051          | -                       | £49                   | £320,562             | -                      |
| NFI Council Tax – Single Persons Discount | £17,756         | -                       | -                     | -                    | -                      |
| <b>Total</b>                              | <b>£153,306</b> | <b>£893,700</b>         | <b>£2,209</b>         | <b>£320,562</b>      | <b>£1093</b>           |

Figures used for notional savings are:

- (i) Council property recovered = £93,000 ( figure recommended by Cabinet Office)
- (ii) Discount that would have been awarded re Right to Buy application cancelled

## 9. Q3/4 Priorities

- Using International Fraud Awareness week to promote whistleblowing and fraud awareness. International fraud awareness week is an opportunity for organisations across all sectors to unite in promoting awareness of fraud to employees and the public. This will include some internal and external communications, use of social media and a blog from the Chief Internal Auditor.
- Prioritise investigation of fraud referrals to ensure these are dealt with in a timely way.
- Utilise the NFI Fraud Hub to prevent and detect fraud to minimise losses to the council.
- The team will continue with a programme of fraud awareness training.
- Internal Audit will continue to work with management in key fraud risk areas to review control processes in these areas.
- Complete all agreed planned work.