



**BRISTOL**  
INTERNAL AUDIT

Annexure A

# **Counter Fraud & Investigation Half Year Report 2023-2024**

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## 1. Key Messages

- 1.1 Work is continuing which will focus on fraud prevention including the completion and maintenance of fraud risk assessments and implementation of further elements of the fraud prevention strategy.
- 1.2 Counter fraud and investigation work has identified recoverable overpayments of £560K and notional savings of £4 million (please see 6.1 note 1 for explanation).
- 1.3 Weekly payments relating to a mixture of Housing Benefits, Council Tax reduction and Council Tax have totalling £1095 have been stopped, where there was no entitlement.
- 1.4 At the half year stage, the team have achieved 34 outcomes from tenancy fraud work which is either a property recovered, or some other positive outcome such as an application for a tenancy cancelled. This is against an annual target of 40 positive outcomes. See section 4.4 for further information.

## 2. Proactive fraud detection work

- 2.1 **Blue Badge Enforcement Exercise** - Investigations Officers, accompanied by Avon and Somerset Police and the Council's Civil Enforcement Officers, were out in the Broadmead area of Bristol in September. The day involved speaking to drivers to educate them about blue badge misuse. Three cases where potential criminal offences were identified are currently being investigated. Bristol City Council (BCC) officers who were involved in the exercise received praise from citizens for the work being done and the visual deterrent provided.
- 2.2 **National Fraud Initiative (NFI) 2022/23** - A total of 14353 matched data records were received in January 2023 for possible further investigation. To date, a total of 2789 records have been reviewed leading to 30 errors/frauds being identified. Recoverable savings of £221,138 have also been identified. The review of matches is prioritised based on following factors:
  - usefulness of the match report
  - likelihood of being able to prove fraud
  - risk ratings in the report
- 2.4 There are many false positives in the report and a 100% review of all reports is not feasible. This work continues over the two-year period until the data is refreshed at the next mandatory exercise.
- 2.5 The majority of recoverable savings from the NFI exercise were attributed to three significant duplicate creditor payments. A root cause analysis investigation was undertaken in respect of the largest of these and the report produced included recommendations to improve the internal control environment.
- 2.6 In addition, 916 matches from the NFI pilot tenancy fraud matches have been cleared. There has been one investigation from this data which has resulted in a property being recovered. We have given feedback to the Cabinet Office on this work which will enable future exercises to be improved upon and refined.
- 2.7 **Guardianship work** - We have worked with the 'Children in Care' team to support their on-going review of guardians who are in receipt of financial support for their charges. The work has included development of review documentation with clear fraud prevention declarations and statements. We have also investigated a small number of 'non responders' from the exercise. This has resulted in one guardianship payment ceasing. This work is on-going. A data matching exercise is also planned.

### 3. Fraud Prevention

3.1 The prevention of fraud and error is key to protecting council funds and services and avoiding possible unrecoverable debts. Several initiatives to prevent fraud have taken place over the half year and these are summarised below:

3.2 **A fraud prevention plan and strategy** has been produced which covers the following areas and identifies some areas requiring improvement:

- Reporting mechanisms
- Identifying and managing fraud risk
- Awareness, Training and Publicity
- Effective Controls
- Fraud will happen – how we will detect and respond to it.

3.3 **Fraud Risk Assessments** are a key aspect of the fraud prevention strategy and we have worked with service areas to develop these.

3.4 Service planning guidance now includes a prompt to consider fraud risk as well as other risks when service planning.

3.5 Risk assessments covering high fraud risk areas are being produced with relevant service teams. This includes Council Tax, Business Rates, Social Housing, Procurement, Social Care benefits amongst others.

3.6 An intranet page has been set up for service managers to support them in considering and developing fraud risk assessments.

3.7 In addition, a similar intranet resource has been developed to encourage consideration of fraud risks by BCC maintained schools.

3.8 **The Council's Fraud hub** is a key resource in preventing fraud by ensuring services are cancelled promptly when changes occur. Datasets relating to Tenants, Council Tax Reduction, Blue Badge, Housing waiting list and Concessionary travel passes are uploaded to the hub periodically and access to prompt death information has been particularly beneficial in preventing misuse of benefits.

3.9 Positive results from the fraud hub since 1<sup>st</sup> April 2023 include:

<b>Fraud Hub results</b>	<b>No</b>
Blue badges cancelled	36
Housing properties recovered	10
Housing waiting list entries removed	128
Formal succession of tenancy approved, and record updated	2
Concessionary travel passes cancelled	1488

3.10 To maximise the benefits from the fraud hub further developments are being pursued including regular upload of Single Persons Discount records for matching, encouraging other Local Authorities in the West of England region to join the BCC a hub and bringing our regional registered housing providers into the hub.

3.11 **Bespoke fraud awareness training** has been given to various teams across Housing and Landlord Services involving:

- Caretakers.
- New Housing Officers.
- Lettings Team.

- 3.12 Tenancy fraud messages to remind citizens of the costs of fraud and how to report it were highlighted in a press release in May 2023.
- 3.13 Fraud awareness messages were promoted in a news bulletin to all schools in April 2023.
- 3.14 On-going fraud awareness sessions are planned for school heads and business managers.
- 3.15 **A bank mandate** fraudulent attempt relating to a genuine supplier was thwarted by validation processes carried out by the Applications Support Team. Had the attempt been successful, the sum of £56,832 would have been lost to fraud.
- 3.16 **Right to Buy** applications are reviewed using a software package called IDIS and further manual checks for the high-risk cases are undertaken. During the period under review 119 applications were checked but there were no property regains or application cancellations as a result of these checks.
- 3.17 The mandatory NFI exercise identified 415 tenancy/right to buy matches which have all been reviewed and cleared.

## 4. Investigations and Prosecutions

- 4.1 Referrals of possible fraud for investigation have been received across a variety of areas. The number of referrals by type are detailed in the table below:

Blue badge/parking permits/CAZ	8
Internal (employee)	15
Social care/funding	2
Benefits (CTR – BCC Investigation)	14
Tenancy fraud	85

- 4.2 Outcomes of referrals relating to employees are provided at Appendix 1.
- 4.3 **Blue Badge/Parking** - This work involves a planned one-day exercise to identify misuse and personally speaking to blue badge users and reminding them of conditions of use. The team has issued two advisory warnings to:
- A person selling parking tickets contrary to the terms and conditions.
  - A blue badge holder in respect of conditions of use.
- 4.4 **Tenancy Fraud** - The Fraud Team undertakes the investigation of social housing fraud and abuse including:
- Non-occupation cases, where evidence is required.
  - Subletting in whole or in part.
  - False succession.
  - False applications.
  - Fraudulent Right to Buy applications.
  - Supporting Estate Management with suspected abandonment cases.
- 4.5 The team have achieved 34 property regains or housing positive outcomes. A housing positive outcome could be a cancelled housing application, denied succession claim or cancelled right to buy application. This performance at half year is significantly higher than in previous years and is attributed to the 10 cases that were identified through the Fraud Hub where the tenant had died but the relevant service was unaware. In addition, a revised Estates Management policy on empty properties has led to quicker recovery of properties we have investigated for possible abandonment.

- 4.6 When appropriate to do so the team will liaise with other registered housing providers to provide support and advice, or to investigate on their behalf.
- 4.7 Civil recovery proceedings are instigated when required to take possession of a property. Criminal proceedings are also pursued where there are aggravating factors such as the tenant making profit from sub-tenants and/or knowingly failing to disclose relevant information. There are currently three cases pending prosecution.
- 4.8 **Free School Meals** - A primary school was the victim of fraud when an email account was hacked. Free school meals vouchers totalling £1020 were stolen. A quick response and collaborative effort between the investigator, the school and the company administering the vouchers meant that losses were minimised to £52. The matter was reported to the Police and the team collaborated with all relevant parties to ensure further controls minimised the risk of further loss.

## 5. Liaison with other organisations

- 5.1 **DWP Benefits** - The Fraud Team provides the liaison role between the Council's Benefits Service and the Department for Works and Pensions (DWP) who investigate housing benefit fraud. The DWP have made 101 requests for information. The DWP have also provided two reports from their Data Strategy Team for review and appropriate action.
- 5.2 There are several ongoing complex investigations where fraud has been sustained over a prolonged period of time. The team are working jointly with the DWP to interview under caution and prepare cases for criminal prosecution.
- 5.3 **Police and other enforcement agencies** - The team provides a liaison role with the Police and other enforcement agencies and has responded to 43 lawful requests for information.
- 5.4 The team liaises with the Education Welfare team and have dealt with 163 pupil tracking requests.
- 5.5 **West of England Fraud Group** - The BCC Fraud Team is a member of the West of England Fraud Group. This forum is used to share best practice, discuss changes in legislation and emerging fraud risks as well as fraud initiatives across Local Authorities in the West of England. A recent meeting covered topics such as Fraud E-learning and training, Fraud Risk Assessments, NFI Fraud Hub and tenancy fraud and Airbnb.
- 5.6 **Fighting Fraud and Corruption Locally** - We have contributed to discussion with the Fighting Fraud and Corruption Locally (governments strategy)

## 6. Savings outcomes and recovery

- 6.1 Savings for period 01/04/23 to 30/09/23

	Recoverable overpayments £	Weekly payment stopped £	Estimated savings/prevention measure £ (Note 1)	Payments prevented. £
DWP	115,535	362		
Council Tax Reduction	43,707	581		
Tenancy Fraud Investigations		152	2,523,960	
FSM				968
Bank Mandate Fraud				56,832

	Recoverable overpayments £	Weekly payment stopped £	Estimated savings/prevention measure £ (Note 1)	Payments prevented. £
NFI Single Persons Discount (Note 2i)	180,017			
NFI (22/23 output)	221,138		13,631	
NFI Tenancy Fraud Pilot			93,000	
NFI Hub – tenancy			930,000	
NFI Hub – Blue Badge			18,850	
NFI Hub – Concessionary Travel			46,128	
NFI Hub – Waiting List			548,000	
<b>TOTAL</b>	<b>560,397</b>	<b>1095</b>	<b>4,173,569</b>	<b>57,800</b>

Note 1:

Values used to measure fraud prevented are those devised by the Cabinet Office. Estimates are based on the % of frauds that occur, the average length of known frauds and the various costs associated with the type of fraud and have been devised by a panel of experts.

Note 2:

Output reviewed by Local Taxation team.

6.2 In addition, a longstanding and complex debt relating to a historic benefit fraud case has been realised, bringing £45,600 back to the organisation of which £4152 related to audit investigator costs. This figure has not been included in the above figures as it will have been reported previously.

## 7. Whistleblowing

7.1 Whistleblowing case statistics for 2023/24 to date are shown below, with outcomes from closed cases shown at Appendix 2.

Brought forward from 2022/2023	Received in 2023/2024	Closed in 2023/2024	In Progress
8	6	10	4

7.2 As part of continuous improvement the council's whistleblowing procedure is currently under review and will require consultation with HR and the Unions.

## 8. Resources

8.1 A Fraud Investigator Apprentice joined us in September this year and will be undertaking an accredited Counter Fraud Investigator qualification funded by the apprenticeship levy. In addition, one team member has completed the Counter Fraud Technician qualification.

8.2 With the addition of the apprentice and some reductions in hours by other team members, we currently have 10.6 FTEs in the Fraud Team.

9.1 Priorities for the third and fourth quarters of 2023/24 include:

- Completion of fraud risk assessment work including establishing a regular review process
- Enhancing and implementing the fraud prevention strategy.
- Implementing the fraud hub development plan to increase datasets uploaded and ideally matching with other neighbouring Local Authorities.
- Promotion of fraud awareness messages during International Fraud Awareness Week.
- Training in schools to promote 'fraud awareness'.
- A review of school admissions
- Procurement analysis - 'red flags'
- Fraud Prevention review – Childrens Direct Payments