

London Borough of Enfield

General Purposes Committee

29 June 2022

Subject:	Counter Fraud Annual Report 2021/22
Cabinet Member:	Cllr Tim Leaver, Cabinet Member for Finance and Procurement
Executive Director:	Fay Hammond, Executive Director Resources
Key Decision:	N/A

Purpose of Report

1. The work undertaken by the Counter Fraud team during the year ended 31 March 2022 is presented in terms of outcomes value of frauds prevented, and overpayments raised.
2. During the year, some notable results have been achieved, including the identification of overpayments and preventative savings of £1.4m (2020/21: £3.8m, which included £2.1m attributed to the initial Business Rates grant exercise). These savings have primarily been achieved through the cancellation of fraudulent applications made by tenants to purchase properties under the Right to Buy scheme, the raising of overpayments relating to Housing Benefit and Council Tax, and the screening of applications for support from people with No Recourse to Public Funds.
3. An additional £870k in notional housing savings has been identified as a result of the work undertaken jointly with the Place Operations and Temporary Accommodation Procurement teams to recover properties that were not being lawfully occupied by the respective tenants.

Proposal

4. The General Purposes Committee is requested to:
 - endorse the work of the Counter Fraud team;
 - provide feedback on the contents of this report.

Reason for Proposal

5. Recognition and support for the work of the Counter Fraud team demonstrates the Council's commitment to a zero-tolerance approach to fraud, as outlined in the Council's Counter Fraud Strategy, and serves as a deterrent to fraudsters targeting the Council.

Relevance to the Council's Plan

Good Homes in Well-Connected Neighbourhoods

6. An effective Counter Fraud function, supported by robust policies and procedures, helps minimise losses due to fraud that might adversely affect the delivery of good homes in well-connected neighbourhoods.

Safe, Healthy and Confident Communities

7. An effective Counter Fraud function, supported by sound policies and procedures, helps minimise losses due to fraud that might adversely affect the Council achieve its objectives to sustain safe, healthy and confident communities.

An Economy that Works for Everyone

8. An effective Counter Fraud Service will minimise losses due to fraud and help the Council achieve its objectives in building a local economy that works for everyone.

Background

9. This report summarises the work of the Counter Fraud team for the period 1 April 2021 to 31 March 2022.
10. Although some aspects of our work continued to be adversely impacted by Covid-19 (including a staff member being seconded to support pandemic work in other areas at the beginning of the year), the team still achieved some significant results during this period, including:
 - Identifying overpayments and potential savings of £1.4m. This included the identification of fraudulent or unlawful claims for:
 - Right to Buy discounts,
 - Business Grant payments
 - Support provided by the No Recourse to Public Funds team
 - Council Tax (support, discounts, and exemptions)
 - Housing Benefits

- Supporting the Place Operations and Temporary Accommodation Procurement teams in recovering 48 properties with a notional savings value of £870k;
- 2 financial penalties totalling £1.5k were levied for Council Tax Support offences.

These results are summarised in **Table 1** and **Table 2** at **Appendix A**.

Housing Fraud

11. For 2021/22, the Counter Fraud Team received funding from the Housing Revenue Account (HRA) to provide investigative support to the Place Operations Team in Housing and Regeneration. These investigations focused on recovering properties that had been unlawfully used, including those that had been abandoned or sublet. Once recovered, these properties were then available for re-let to applicants in genuine need of assistance.
12. This work continued to be negatively impacted by the effects of Covid-19, in particular Court hearings continued to be delayed; however, in 2021/22 this joint project resulted in recovery of 19 properties (2020/21: 40).
13. In addition, the Counter Fraud team supported the work of temporary accommodation visiting officers who conducted a rolling programme of targeted visits (when lockdown restrictions allowed). As a result of this work, 29 abandoned or misused properties were identified in 2021/22 (2020/21: 18).
14. The HRA has also funded Counter Fraud investigation support to the Right to Buy (RTB) Team. This process examined every qualifying RTB application. As a result during 2021/22 8 cases were cancelled or withdrawn (2020/21: 8). Had these applications proceeded to completion, the cumulative discounts allowed against the purchase price would have been £902k.
15. Throughout 2021/22, the Counter Fraud Team provided investigative support to the No Recourse to Public Funds (NRPF) team in the Homelessness Service. Due to our interventions, 8 applications for support were refused or cancelled during 2021/22 (2020/21: 15), and a further 2 households had their level of financial assistance reduced (2020/21: 7). The effects of the pandemic saw an overall reduction in the numbers of new NRPF applications during 2021/22, although the work of the Counter Fraud Team has resulted in savings of £74k (2020/21: £279k).

Business Grants

16. Throughout 2021/22, the Counter Fraud team have continued to support the Business Grant Team with the verification of grant applications submitted by businesses operating in the borough.
17. Although the volumes value of grants issued were significantly reduced from the initial tranche paid during 2020/21, the Counter Fraud team continued to undertake a key role in ensuring that suitable controls were in place at the application stage. In addition, the Counter Fraud team ran pre-payment checks to validate bank accounts and confirmed that businesses were still operational.
18. To satisfy the requirements of the Department for Business, Energy and Industrial Strategy, the Counter Fraud Team undertook a programme of post-payment verification work to confirm that businesses who had received help were properly entitled.
19. Our post-payment verification work has led to the identification of 9 cases with a combined value of £150k where grants were incorrectly claimed, including cases where businesses had ceased trading before assistance became available. These amounts will be recovered from the applicants.

Fraud Prevention work

20. During November 2021, the Counter Fraud team ran five Microsoft Teams sessions to mark International Fraud Awareness Week.
21. These sessions covered:
 - An overview of the work of the Counter Fraud Team (two sessions)
 - Procurement Fraud (co-presented with the Head of Policy and Contract Development)
 - Insurance Fraud (with the Council's Insurance Team)
 - Cyber Security (in conjunction with Digital Services)
22. These sessions also promoted the Council's Whistleblowing Policy that encourages staff to come forward and raise concerns in confidence.
23. The team also published their first newsletter in 2021/22, further bulletins will follow during 2022/23.
24. Counter Fraud training was delivered to an audience of School Business Managers as part of a Financial Management Training package arranged by the Schools Personnel Service. The session covered key fraud risks faced by schools, with a particular focus on cybercrime.

Financial Investigations

25. The team's Financial Investigator has continued to support both Trading Standards and Planning in the areas of Proceeds of Crime confiscation, enforcement, and re-considerations.
26. One of the cases concluded during 2021/22 involved a rogue landlord who was convicted for planning offences in 2018 having illegally converted a house into six bedsits. Following this conviction, the combined efforts of the Counter Fraud team's Financial Investigator and Legal Services resulted in the Court imposing a Confiscation Order for £86k under the Proceeds of Crime Act. However, as of August 2021, only £9k had been paid leaving an amount outstanding, including interest, of over £96k. Enforcement action was pursued and on 17 August 2021 at Westminster Magistrates Court, the default prison sentence of 4 years and 5 months was imposed for non-payment. This meant that the individual was immediately taken to prison; however, three days later the amount was paid in full, resulting in the individual's release. The Council will receive £32k with the remainder split between HM Treasury and the Courts Service

2021/22 Caseload analysis

27. Overall the team investigated and closed 293 cases in 2021/22 (2020/21; 754 including 439 in connection with the initial business rates grant exercise). Details are shown in **Table 3** at **Appendix A**.

Whistleblowing cases

28. A refreshed Whistleblowing Policy, including a model Schools Whistleblowing Policy, was presented to the General Purposes Committee in January 2022. During 2021/22, the Audit and Risk Management Service was advised of 4 cases raised under the Whistleblowing Policy (2020/21: 6). A summary of these can be found at **Table 4** in **Appendix A**.

Insurance Fraud

29. All insurance claims are subject to close scrutiny prior to payment and consequently no claims were deemed to be fraudulent during 2021/22. However, the Counter Fraud team assisted with a case after three mini-buses were stolen from the car park of a Council Resource Centre. Our subsequent report set out several recommendations to improve the security of vehicles at the site.

Blue Badge Misuse

30. The Environmental Protection Team in the Place Department are responsible for investigating the misuse of Blue Badges. Street patrols

were halted during the year due to Covid-19 restrictions. Currently eight cases are with Legal Services for potential prosecution and a further six cases are under investigation. During 2021/22 there was a significant reduction in court time for such offences.

Transparency Data

31. The Local Government Transparency Code requires us to publish data with regard to specific fraud-related activities. This data is presented in **Table 5** at **Appendix A**.

Counter Fraud Operating Plan 2021/22

32. Our annual Operating Plan provides an overview of the work that the team will cover during the year, and progress made against the 2021/22 plan is detailed at **Appendix B**.
33. The Operating Plan for 2022/23 was presented to the General Purposes Committee in March 2022.

Main Considerations for the Council

34. Any large complex organisation needs to have a well-established and effective Counter Fraud function in place to minimise losses due to fraud.

Safeguarding Implications

35. There are no safeguarding implications arising directly from this update from the Audit and Risk Management Service.

Public Health Implications

36. There are no Public Health implications arising from this report.

Equalities Impact of the Proposal

37. Following the Completion of the Corporate Equalities Impact Assessment initial screening, this report does not have an Equalities impact.

Environmental and Climate Change Considerations

38. There are no discernible environmental and climate change considerations arising from the proposals in this report.

Risks that may arise if the proposed decision and related work is not taken

39. If the work of the Counter Fraud function is not supported, then there is a risk that the Council may suffer financial and reputational loss from fraudulent activities.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

40. A risk of financial and reputational loss from fraudulent activities will still exist. However, the recognition and communication of our Counter Fraud activities will mitigate that risk.

Financial Implications

41. The recognition and communication of the work of the Counter Fraud team will aid in mitigating financial risk to the Council, however there are no specific financial implications related to this report.

Legal Implications

42. There are no specific legal implications arising from this report.

Workforce Implications

43. There are no specific workforce implications arising from this report.

Property Implications

44. There are no property implications intrinsic to the proposals in this report.

Other Implications

45. N/A

Options Considered

46. In line with recognised best practice, no other options were considered.

Conclusions

47. The General Purposes Committee is requested to:

- note the work completed by the Counter Fraud Team during the period 1 April 2021 to 31 March 2022 and the key themes and outcomes arising from this work

- provide feedback on the contents of this report

Report Author: Gemma Young
Head of Internal Audit and Risk Management
Gemma.Young@Enfield.gov.uk
Tel: 07900 168938

Date of report: 17 June 2022

Appendices

Appendix A: Outcomes from Counter Fraud Activities 2021/22
Appendix B: Progress Against Counter Fraud Operating Plan 2021/22

Background Papers

None

Outcomes from Counter Fraud Activities 2021/22

Table 1a: Housing Recoveries

Fraud Type	Annual Target	Actual	Variance	Notional Saving **
Council Properties Recovered	75	19	(56)	£798k
TA / PSL / HA Properties Recovered	25	29	4	£72 k
Overall *	100	48	(52)	£870k

Table 1b: Savings from Frauds Investigated or Prevented

	Annual Target	Actual	Variance
Savings ***	£2.75m	£1.39m	(£1.36m)

* Includes recoveries identified by the Place Operations and Temporary Accommodation Procurement teams, supported by Counter Fraud Officers

** The Notional Value attributed to recovery of a Council property is the amount of £42k per property as per the calculation published by the Tenancy Fraud Forum in April 2022; the figure takes into account the average annual cost of providing temporary accommodation for a family who could otherwise have occupied the recovered property, plus average investigation and legal costs. The Notional Value of a Temporary Accommodation recovery is based on the net annual cost to the Council of acquiring a property for use as temporary accommodation.

*** Includes overpayments identified or recovered, as well as potential future income and the estimated value of losses prevented by the detection and interception of fraud and improvement of controls – please see Table 2 below.

Table 2:

Detected and Prevented Fraud Savings 1 April 2021 to 31 March 2022

Fraud Type	Detected (£)	Prevented (£)
Right to Buy		902,400
Business Grants	151,733	
Housing Benefit	92,924	
Financial Investigations	86,280	
No Recourse to Public Funds		74,147
Pension Overpayments	42,397	
Business Rates	24,251	
Council Tax Reduction Scheme & Discounts	19,345	
Benefit Penalties	1,539	
Sub-totals	418,469	976,547
Total	£1,395,016	

Table 3: Counter Fraud Caseload 2021/22

Fraud Type	Opened	Closed
Business Rates (incl. grants)	15	10
Council Tax	6	8
Employee	7	3
Financial Investigations	3	5
Housing – household amendments	52	52
Housing – Right To Buy	94	90
Housing – succession applications	42	28
Housing – temporary accommodation	7	8
Housing – tenancy issues	45	52
No Recourse to Public Funds	17	24
Miscellaneous	6	9
Personal Budgets	1	2
Procurement	1	1
Schools	-	1
Totals	296	293

Table 4: Whistleblowing Cases 2021/22

Concern	Outcome
Employee breach of code of conduct	Substantiated, employee dismissed
Procedural mismanagement of cases (raised by former agency employee)	Not substantiated
A proposed restructure has not been conducted properly and should be halted; it was also alleged that officers engage in timesheet fraud, and that service users have been defrauded by officers.	Not substantiated
Financial management issues (school)	Under investigation

Table 5 – Transparency Code Data 2021/22

Category	Value
Number of occasions that powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers have been used	24
Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud ·	9 (absolute) 7.1 (FTE)
Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists	7 (absolute) 6.5 (FTE)
Total amount spent by the authority on the investigation and prosecution of fraud	£386k
Total number of fraud cases investigated	293

Progress Against Counter Fraud Operating Plan 2021/22

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	PROGRESS UPDATE
GOVERN Executive support ensures Fraud, bribery and corruption measures are embedded within the organisation	Counter Fraud Culture - understanding and support from governing officers	Present Counter Fraud Strategy 2021-22 to EMT and GPC	x				Completed The 2021/22 strategy & operating plan was approved by GPC on 30/06/2021; the 2022/23 strategy & plan was approved on 03/03/2022.
		Report to Assurance Board, EMT and GPC on performance, including Whistleblowing and introduction of Insurance and Blue Badge stats.	x	x	x	x	Completed Reports are being completed as timetabled
		Annual review and approval of policies by EMT and GPC: <ul style="list-style-type: none"> • Whistleblowing • AML • Sanction & Prosecution Policy 				x x x	Completed The policies were approved by GPC on 13/01/2022.

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
ACKNOWLEDGE <ul style="list-style-type: none"> • Fraud risks are acknowledged and understood • Key fraud areas and vulnerabilities are risk assessed • Appropriate resources are agreed. 	Counter Fraud Strategy	Publicise Counter Fraud Strategy, including the Anti-fraud and Corruption Statement, as signed by Chief Executive and Leader, via external and internal media, including: <ul style="list-style-type: none"> • Intranet • Staff Matters • Yammer 		x			Ongoing Although our publicity request was declined by the Leader, we will continue to publicise the policy when circumstances allow.
	Counter Fraud Operating Plan	Review Operating Plan in line with: <ul style="list-style-type: none"> • Counter Fraud Strategy 2021-22 • Regular risk assessments • Internal Audit key findings • Team meetings 	x	x	x	x	Ongoing Progress against plan to be discussed as part of monthly team meetings.
	Development of fraud risk strategy	Engagement with Risk Management Group regarding creation of fraud risk register.	x	x			Ongoing The fraud risk register remains a work in progress and this has been carried forward into the 2022/23 Operating Plan.
		Create corporate and operational fraud risk registers in collaboration with Service representatives across the Council.				x	
		Apply the above fraud risk registers to inform the Counter Fraud and Internal Audit Plans of new and emerging fraud risks and to highlight areas for proactive review.			x	x	

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
	Collaboration with Internal Audit Team and Risk Management Team	Examine Audit Terms of Reference (ToR) and issued audit reports to provide intelligence for possible proactive exercises and new risks. Review risk registers managed by the Risk Management Team to ensure emerging/changing risks are appropriately considered by the Counter Fraud Team. Review overdue audit actions to ascertain whether non implementation has a fraud impact	x	x	x	x	Completed This activity will continue across 2022/23.
	Improved use of data analytics	Identify a new project (e.g. employee expenses below) on which to apply data analytics and follow this through to completion. Use outcomes to inform additional use of data analytics.	x	x	x	x	Ongoing All of the team received data analytics training during 2021/22, we hope to utilise this training on projects in 2022/23.

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
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FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
<p>PREVENT</p> <ul style="list-style-type: none"> Information and Technology is better utilised Fraud controls and processes are enhanced to aid prevention A more effective anti-fraud culture is developed 	New ways of working	Embedding new ways of working including procedures manual and appropriate training.	x	x			<p>Completed</p> <p>Since 2021 investigators have a generic caseload, as opposed to specialising in a single area of work.</p>
	Proactive work: External	NFI (review and allocate reports within Counter Fraud Team and Service areas). Report on outcomes to Assurance Board.	x	x	x	x	<p>Ongoing</p> <p>Deceased persons matches have been allocated and progressed by appropriate teams.</p> <p>Financial Assessments are reviewing matches with Student Loans.</p> <p>A newly established Council Tax Review Team have used NFI to match CT SPDs against credit reference information which has identified projected savings of £0.5m.</p> <p>We have joined the NFI Fraud Hub with effect from May 2022.</p>

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
	Internal	CIFAS (arrange access and training for all Counter Fraud Officers and undertake the matching of Adult Social Care data against CIFAS data).	x	x			Ongoing Team members all have CIFAS accounts; refresher training is still to be arranged. A pilot match of ASC data did not identify any cases, a full match will be undertaken during 2022/23.
		Pre and post payment assurance checks for business grants.	x	x	x	x	Ongoing This work remains ongoing throughout 2022/23, savings identified through this work are highlighted in the main body of this report.
		Procurement - Purchase Card transactions (as per audit)		x			Ongoing A draft report presenting our findings was issued in May 2022; a number of cases require further investigation in order to confirm that the expenditure was legitimate.
		Employee expenses			x	x	Ongoing We did not undertake these pro-active exercises during 2021/22 due to the volumes
		Disabled Facilities Grants			x	x	

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
		Direct Payments – random sample for verification		x	x		of referrals made to the team; these exercises have been carried forward to the 2022/23 operating plan.
		Care leavers – Housing Benefit issues		x			
		Meridian Water – fraud review		x			Complete The Counter Fraud Team delivered a fraud awareness presentation to Meridian Water staff in September 2021; follow-up work has been included on the 2022/23 Operating Plan.
		AP1 exercise					Ongoing A draft report presenting our findings was issued for comment in May 2022. Although no evidence of fraud was identified, we have made recommendations to reduce future risk.

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
	Fraud Awareness	<p>Review of iLearn module to ensure content:</p> <ul style="list-style-type: none"> • is up to date (including contact details) • sufficiently covers the topics of anti-bribery & corruption and money laundering. <p>Consult with Risk Management on inclusion of fraud risks within training for new starters.</p> <p>Publicise the iLearn module on intranet/ other means to increase uptake by all staff.</p>		x			Ongoing We will continue our review of the online training in 2022/23.
		Counter Fraud Team to design and lead LBE International Fraud Awareness Week 2021 (14 th to 20 th November) activities.		x	x		Complete The activities undertaken during IFAW 2021 are detailed elsewhere in this report.
	Schools Professional Learning	The provision of a joint audit and fraud training session, with Internal Audit, for maintained schools who have purchased the training package.			x		Complete Fraud Awareness training was delivered to an audience of School Business Managers as part of a Financial Management Training package arranged by the Schools HR Team.

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
PURSUE <ul style="list-style-type: none"> • Punish fraudsters • Recover losses • Use civil sanctions • Develop capability and capacity to investigate • Develop collaborative and supportive law enforcement response 	Core business activities	Including: <ul style="list-style-type: none"> • Internal and external referrals • Data Protection Act (DPA) enquiries • Single Fraud Investigation Service (SFIS) referrals • Right to Buy (RTB) cases • No Recourse to Public Funds (NRPF) cases • Financial Investigations (FI) • Corporate cases • Benefit cases <p>Counter Fraud Team to risk assess all referrals and investigate, where relevant, to a standard for prosecution. Reactive work will take priority over proactive work.</p>	x	x	x	x	Complete These core activities were undertaken throughout 2021/22 and will continue during 2022/23.
	Review of approach to criminal prosecutions	Actively pursue prosecutions and sanctions. Publicise successful cases.		x			Ongoing We will continue to liaise with the Legal Services Team during 2022/23.
	Training	Training needs of Counter Fraud staff to be reviewed and training to be provided.	x	x	x	x	Ongoing We will continue to identify training needs as part of the PDR process.

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
PROTECT <ul style="list-style-type: none"> • Protect against serious organised crime • Protect individuals from becoming victims • Protect against harm fraud can do to community • Protect public funds • Protect against fraud and cyber crime 	Communication	Develop plan for the year, highlighting communications for focus each month. Utilisation of Yammer.	x	x	x	x	Ongoing Raising the profile of the Counter Fraud team remains a key objective for us, we will continue this work during 2022/23.
	Collaboration,	Develop and improve working relationship with internal services and external organisations, including: <ul style="list-style-type: none"> • Digital Services • The Police (Community Safety) • Waltham Forest and other boroughs • LBFIG • CCAS • CIFAS user group • The Government Counter Fraud Profession 	x	x	x	x	Ongoing We will continue to liaise with our internal and external partners to combat fraud.