



## London Borough of Enfield

<b>Report Title</b>	Counter Fraud Annual Report 2022-23
<b>Report to:</b>	General Purposes Committee
<b>Date of Meeting:</b>	28 June 2023
<b>Cabinet Member:</b>	Cllr Tim Leaver, Cabinet Member for Finance and Procurement
<b>Director:</b>	Terry Osborne, Director of Law & Governance
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<b>Wards affected:</b>	All
<b>Classification:</b>	Part I Public

### Purpose of Report

1. The Counter Fraud Annual Report 2022/23 (**Appendix A**) summarises the results of the work undertaken by the Counter Fraud Team during the period 1 April 2022 to 31 March 2023.

### Recommendation

- i. To note the work completed by the Audit and Risk Management Service's Counter Fraud Team during the period 1 April 2022 to 31 March 2023
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**Appendices**

**Appendix A:** Counter Fraud Annual Report 2022-23

**Background Papers**

None

**CE22/044**



# Counter Fraud Annual Report 2022-23

## Background

1. This report summarises the work of the Counter Fraud Team for the period 1 April 2022 to 31 March 2023.
2. The team achieved some significant results during this period, including identifying **overpayments and potential savings of £2.6m**. These savings were primarily achieved through activity in the following areas:
  - Right to Buy claims
  - Financial investigations
  - National Fraud Initiative data-matching exercises.

These results are summarised in **Table 1** below.

During 2022-23, our achievements were recognised when we were named as winners in the category of **Outstanding Proactive Fraud Detection and Recovery** at the 2022 Public Finance Awards. The award was shared with the Waltham Forest Corporate Fraud Team, our shared service partners.

Further highlights from 2022/23 are detailed below.

## Right to Buy Claims

3. The Housing Revenue Account funded Counter Fraud investigation support to the Right to Buy (RTB) Team. This process examined every qualifying RTB application resulting in 9 cases being cancelled or withdrawn. (2021-22: 8 cases). Had these applications proceeded to completion, the cumulative discounts allowed against the purchase price would have exceeded £1m.

## Financial Investigations

4. Under the Proceeds of Crime Act 2002 (“POCA”), the Council can apply through the Courts for a confiscation order, which allows for the recovery of

criminal proceeds from people who have been convicted of qualifying offences.

5. POCA proceedings usually commence on conviction. The amount of the order usually reflects the “value” of the offence, and once the Court has agreed a confiscation order it must be paid within the specified time limits or a custodial sentence is imposed by default.
6. The Council has one accredited Financial Investigator (FI), who is employed as a Senior Investigator in the Counter Fraud Team. The FI regularly assists Legal Services with trading standards and planning enforcement cases in addition to fraud work.
7. During 2022-23, this work resulted in Confiscation Orders of £207k, plus another £172k in fine and costs. These results are summarised in **Table 2** below.
8. Under POCA legislation, the Council can receive up to 37.5% of the confiscation order amount, representing an 18.75% share for investigating plus 18.75% for prosecuting the offence. Of the remainder, 50% passes to the Crown and 12.5% to the Courts, who are responsible for collection.
9. Of particular note is a case involving the illegal felling of trees that led to the Council securing its largest ever confiscation order following the prosecution of a local landowner and his contractors. In total, following the formula above, the landowner and contractor must pay £253k to be shared between the Council, the Crown, and the Courts. In addition, the landowner is responsible for the cost of re-planting the trees. Nationally, no previous POCA action for the illegal felling of trees has ever been undertaken on this scale and we consider this case will prove a salutary warning to all landowners in the future who may consider committing similar offences.

### **National Fraud Initiative**

10. Data analytics work undertaken as part of the government’s National Fraud Initiative (NFI) scheme has led to significant savings.
11. The Council utilised the NFI’s Premium Single Person Discount (SPD) Service, to screen our Council Tax SPD data to identify households where there was more than one adult resident at the address. The Council Tax Review Team used these results to remove SPD Council Tax reductions from over 600 households, resulting in additional income of £284k.
12. Matches between the Council’s Blue Badge parking permit data and NFI records of deceased persons has led to the withdrawal of over 240 badges where the Council had not previously been advised that the badge holder had

passed away. NFI estimate the savings to the public purse Of £245k from this exercise.

13. Matches between Housing Benefit records and Student Loan data has allowed us to raise benefit overpayments totalling £135k where individuals failed to notify the Council of their student status.

### **Housing Fraud**

14. During 2022-23, the Counter Fraud Team received funding from the Housing Revenue Account (HRA) to provide investigative support to the Resident Relationship Team in Housing, Regeneration and Development. These investigations focused on recovering properties that had been unlawfully used, including those that had been abandoned or sublet, and led to 8 such property recoveries during the year (2021-22: 9).

### **Secondary Employment**

15. Since the Covid-19 pandemic, it is normal practice for employees to work from home for part of the week.
16. Whilst this has many potential benefits – not least work life balance without the need for a daily commute – remote working, and in particular the reduced oversight of employees, has helped enable new types of fraud. At Enfield, and in other Councils, one of the most prevalent of these is undeclared secondary employment, or “multiple working”.
17. Council employees are required to declare any secondary employment to ensure there is no conflict of interest with the work undertaken for the Council, and also that there is no contractual conflict in terms of the hours worked. During 2022-23, Enfield uncovered 5 cases of employees who had been undertaking undeclared secondary employment; all of the individuals concerned are no longer employed by the Council.
18. To combat the threat of multiple working, we are participating in a pan-London pilot exercise to identify agency employees who have concurrent placements at more than one Council. We already match permanent employees’ data with other local authorities via the existing National Fraud Initiative exercise.
19. We also provided training to the Council’s senior leadership network to raise awareness of this emerging fraud.

## **Fraud Prevention**

20. During November 2022, the Counter Fraud team ran five “Lunch and Learn” online sessions mark International Fraud Awareness Week. These sessions covered the following topics:
  - The Insider Threat, including the rise of multiple working;
  - Procurement Fraud;
  - How to avoid becoming a victim of identity fraud at home and at work;
  - Cyber Security, a joint presentation with Digital Services, and;
  - Insurance Fraud, presented jointly with the Council’s Insurance Team.
21. These sessions also promoted the Council’s Whistleblowing Policy to encourage staff to raise concerns in confidence. These themes were re-enforced as part of a newsletter published by the team.
22. Annual 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.

## **National Recognition**

23. In November 2022, the achievements of the Counter Fraud Team, together with those of our shared service partners, the Waltham Forest Corporate Fraud Team, were rewarded when we were announced as winners of the category for Outstanding Fraud Prevention and Detection at the Public Finance Awards 2022.
24. The success of the shared service partnership was again recognised at the 2023 Counter Fraud Awards, where we were amongst the runners-up in the Local Excellence category.

## **2022-23 Caseload analysis**

25. Overall the team investigated and closed 239 cases in 2022-23 (2021-22 – 293). A breakdown by case type is shown in **Table 3** below.

## **Whistleblowing cases**

26. A refreshed Whistleblowing Policy, including a model Schools Whistleblowing Policy, was presented to the General Purposes Committee in January 2023. The Policy was promoted throughout Internal Fraud Awareness Week and via our newsletter.

27. During 2022-23, the Audit and Risk Management Service was not advised of any cases raised under the Whistleblowing Policy (2021-22: 4). We will continue to raise awareness of the policy during 2023-24.

### **Insurance Fraud**

28. During 2022-23, the Counter Fraud and Insurance teams worked jointly to prevent fraudulent insurance claims being paid. This work identified a claim for damage to property that was supported by false estimates for the cost of the repairs. The claimant was interviewed formally and the claim was subsequently withdrawn, resulting in a saving of over £4k.
29. The Counter Fraud Team also worked with Insurance colleagues to recommend improved security at a Council depot after a series of burglaries resulted in the theft of Council equipment valued at £50k. Vehicle security arrangements have also been improved following the Counter Fraud Team's investigation of the theft of a minibus that had been leased by the Council.

### **Blue Badge Misuse**

30. The Environmental Protection Team in the Environment and Communities Department are responsible for investigating the misuse of Blue Badges. Recently four offenders were prosecuted for Blue Badge Misuse. The average fine was £220, victim surcharge of £88.00 and costs of £120.00.

### **Transparency Data**

31. The Local Government Transparency Code requires us to publish annual data with regard to specific fraud-related activities. This data is presented in **Table 4** below.

**Table 1: Detected and Prevented Fraud Savings 2022-23 \***

<b>Fraud Type</b>	<b>Detected (£)</b>	<b>Prevented (£)</b>
Right to Buy (9 cases)		1,016,499
Financial Investigations	380,145	
Council properties recovered (8 properties) **		336,000
NFI – Council Tax Single Person Discounts withdrawn	284,434	
NFI – Blue Badges withdrawn	144,925	
NFI – Student Matches	135,425	
Internal investigations	90,500	
Business Grants	70,810	
Housing Benefit	45,100	
Business Rates	32,546	
No Recourse to Public Funds		26,667
Council Tax Reduction Scheme & Discounts	11,909	
Insurance	4,650	
Theft	2,389	
Benefit Penalties (2 cases)	1,294	
<b>Sub-totals</b>	<b>£1,204,127</b>	<b>£1,379,166</b>
<b>Total</b>	<b>£2,586,293</b>	

\* 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

\*\* 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.



**Table 2: Financial Investigation Outcomes 2022-23**

<b>Case</b>	<b>Date Awarded</b>	<b>Confiscation Order Amount (£)</b>	<b>Fines &amp; Costs (£)</b>
Jeweller selling gold with fake trademarks.	May 2022	21,987	16,019
Jeweller selling gold with fake trademarks.	June 2022	80,000	9,061
Contractor who illegally felled 278 trees at Kingswood, Clayhill	May 2022	5,200	2,178
Landowner who had 278 trees illegally felled at Kingswood, Clayhill.	February 2023	100,000	145,700
<b>Sub Totals</b>		<b>£207,187</b>	<b>£172,958</b>
<b>Total</b>		<b>£380,145</b>	

**Table 3: Counter Fraud Investigations 2022-23**

<b>Fraud Type</b>	<b>Investigations Completed</b>
Business Rates (incl. grants)	12
Council Tax	2
Employee	7
Financial Investigations	4
Housing – household amendments	18
Housing – Right to Buy (full)	98
Housing – succession applications	31
Housing – temporary accommodation	1
Housing – tenancy issues	45
No Recourse to Public Funds	9
Miscellaneous	10
Personal budgets	2
Procurement	-
<b>Totals</b>	<b>239</b>

**Table 4: Transparency Code Data 2022-23**

<b>Category</b>	<b>Value</b>
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	14
Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud .	9 (absolute) 8.4 (FTE)
Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists	7 (absolute) 6.4 (FTE)
Total amount spent by the authority on the investigation and prosecution of fraud	£461k
Total number of fraud cases investigated	239