

# Appendix D - Anti-fraud



2021/22

# Anti-Fraud 2021/22

## Introduction

Haringey Council is committed to ensuring the highest possible standards are maintained by its employees, contractors and residents. Fraud and corruption can impact on the public's confidence in the Council and its reputation in the long term as well as placing unnecessary additional burden on the public purse. Anti-fraud policies and strategies are in place to detect and prevent fraud and a corporate team of investigators within the Audit and Risk service is managed by the Deputy Head of Audit and Risk Management.

2021/22 saw a move back towards business as usual for the team, following over a year of disruption. Our new case management system procured in 2021 has been further embedded and we continue to look for technological ways to achieve our objectives using data and benefitting from more informed trend and case data. Pilot proactive fraud projects have been run using the new technology in the areas of Single Person Discount, Direct Payments and Parking Permits. We will build on these efforts in 2022/23 to work corporately and with specific services to help manage the fraud risks.

Due to COVID-19 the team's time spent on fraud prevention checks, for services, has greatly increased this and periods without being able to visit and/or interview has impacted achievement of our key performance indications. Having reflected on this Housing Tenancy Fraud will be our priority fraud area for 2022/23 using a combination of data matching and proactive tenancy visits to identify fraud.

The purpose of this document is to outline the activities of the team that have been considered when forming the Head of Internal Audit Opinion, it also seeks to ensure that in accordance with Part 2 of the Local Government Transparency Code 2015, the council has published information on the cost of its anti-fraud work and the outcomes achieved. The teams performance is reported quarterly to the Council's Corporate Committee during the year.

# Transparency Code 2015 requirements

Requirement	2019/20	2020/21	2021/22
Allocated budget for anti-fraud work	£606k	£564k	£556k
Number of staff (absolute and FTE) undertaking anti-fraud work	7.5 staff: 7.25 FTE	9 staff: 7 FTE	8 staff: 6.5 FTE
Number of staff of professionally accredited anti-fraud specialists	5 Staff	6 Staff	6 Staff
Total amount of time spent on the investigation and prosecution of fraud	1,279 days	1,235 days	1,135 days
Total number of fraud cases investigated	795 (223 reactive cases)	2,899 (125 reactive cases)	1,287 (165 reactive cases)
Number of occasions powers under the Prevention of Social Housing Fraud Regulations have been used	107	25	34

# Transparency Code 2015 requirements

Type of Activity	2019/20	2020/21	2021/22
Tenancy Fraud	204	111	211
Employee Fraud / Whistleblowing Cases	18	13	6
Non Employee Fraud/ Whistleblowing Cases	1	2	0
Right to Buy applications	238	221	297
Proactive Tenancy Checks/Visits	204	0	211
Gas Safety Proactive Tenancy Visits	101	0	65
No Recourse to Public Funds financial checks	29	53	47
Business Grant pre payment checks	0	>2500	450
<b>TOTALS</b>	<b>795</b>	<b>2,890</b>	<b>1,287</b>

# Anti-Fraud Outcomes 2021/22

## Tenancy Fraud

The tables on the next slide contains information regarding caseload. There are two housing fraud cases being prosecuted at the end of 2021/22. One defendant has pleaded guilty before trial but awaits sentencing.

In 2021/22 28 council stock properties had been recovered through the actions and investigations of the Fraud Team; £504k can be attributed to the recovery, or cessation, of fraudulent council and temporary accommodation tenancies. This compares to 21 in 2020/21.

In 2021/22 there were 211 referrals to the anti fraud team. This is consistent with prior years. The sources of referrals include: general public, members, council officers, other councils or government agencies, National Fraud Initiative and our own proactive activities/campaigns to identify fraud.

Within these referrals are proactive fraud checks to prevent fraud occurring in the succession and grant of tenancy processes. These are high inherent fraud risk areas for the council.

The team work closely with officers in Housing via an officer seconded to work alongside the fraud team part time each week. The restructuring of the Tenancy Management Team did impact work in 2021/22. New officers to the team will be trained and review of processes between teams will also take place in 2022.

The workplan for 2021/22 is to focus on Tenancy Fraud and will include proactive tenancy fraud activity and this will be supplemented by the use of data matching and intelligence from the National Fraud Initiative.

# Tenancy Fraud 2021/22

	Open	Closed
Brought Forward at year start	187	
New referrals in year	211	
<b>TOTAL OPEN</b>	<b>398</b>	
Cases closed - no fraud		161
Cases closed - property recovered		28
<b>TOTAL at year end</b>	<b>209</b>	

# Anti-Fraud Activity & Outcomes 2021/22

## Employee and Non Employee Fraud and Whistleblowing cases

The Head of Audit and Risk Management maintains the central record of referrals made using the Council's whistleblowing policy. In total, six whistleblowing referrals were made during 2021/22, compared to 13 in the prior year. All six were employee related, although one included allegations against a service provider.

Whistleblowing referral numbers can fluctuate year on year. It is noted, we reported last year, that some of the 13 referrals received in 2020/21 related to accusations that had previously been investigated and therefore the referral was immediately closed.

All referrals made using the whistleblowing policy are reviewed and subsequent investigations are managed according to all relevant statutory requirements, including Data Protection, Regulation of Investigatory Powers and Police and Criminal Evidence Acts. In some cases, the limited amount of information provided means a full investigation cannot be undertaken. The management of the Audit and Risk service undertakes an initial review of the information before agreeing an approach with HR and service management. Any allegations relating to financial issues are investigated by the Fraud Team.

In 2021/22, five of the referrals were investigated and closed at year end, the remaining two remain open. One case is with Management and the other Audit & Risk. The Head of Internal Audit and Risk gathers outcomes for information on all cases referred on. For the complete investigations, where applicable, management actions were identified and updates are discussed periodically.

# Anti-Fraud Activity & Outcomes 2021/22

## Employee and Non Employee Fraud and Whistleblowing cases

Where the allegation relates to a breach of a council policy and the investigation falls under the disciplinary policy, the severity of the breach is considered and where appropriate the team is deployed to work with the relevant stakeholders, usually the service management and human resources, to ensure the relevant policy is followed; all available evidence is gathered effectively and secured and the appropriate action is taken. Part of this work is to reflect on the control environment and ensure controls are in place to prevent similar occurrences in future.

As a result of the five cases completed by the team management actions were agreed to strengthen control environment and for one a standard setting meeting was held with the service provider.

The Fraud Team work closely with officers from HR and the service area involved to ensure that the investigation is completed as quickly as possible. The Fraud Team have been set a target to complete investigations within eight weeks of the referral from 2019/20 and this will continue to be monitored. It is anticipated most cases will be completed in this period although cases can and do take longer to go through the disciplinary process and reach a conclusion.

## Fraud Reporting

The team monitor reports of fraud received by the council from the residents of the Borough, many of the reports relate to services and Housing Benefit fraud so these are assessed and signposted on as appropriate. This mechanism although currently resource intensive to administer does generate some good referrals for the team.



# Anti-Fraud Activity & Outcomes 2021/22

## Right to Buy Applications

In 2021/22, 52 applications have been withdrawn or refused either following investigations and/or failing to complete money laundering processes. This compares to 69 in 2020/21. The drop in outcomes is in part due to a change in process, in year, delaying the date at which we legally have closed the application. The target each year is 80. Equivalent of one full time investigator undertakes this work. Overall, the 52 RTB applications withdrawn or refused represent over £5.5m in potential RTB discounts; and means the properties are retained for social housing use.

There has been an increase in live applications in 2021/22 this is due to delays in the earlier stages of the process due to Covid-19 and a shortage of resources to value properties. The applicants are not financially impacted by delays in valuation. At year end circa 110 applications were at the money laundering stage of the process. This activity also can identify Housing Tenancy Fraud for us or affecting other local authorities and Housing Benefit overpayments.

## No Recourse to Public Funds

As at 31 March 2022, 47 referrals have been received and responded to by the Fraud Team through the financial year. Referrals are received where the NRPF team has suspicion of fraud and needs to obtain assurance. The average cost of NRPF support per family (accommodation and subsistence for a 2 child household) is around £20,000 pa so fraud prevention, whilst ensuring the service supports those genuinely in need is essential. Referrals from the NRPF were consistent with the prior year but significantly higher than the pre covid years. The fraud team provide the intelligence to the NRPFs team to enable them to make their decision with regards entitlement in line with legislation, we have no other role in these cases.

# Anti-Fraud Activity & Outcomes 2021/22

## Single Person Discount (SPD)

In December 2021 the National Fraud Initiative undertook a data match of our electoral role and council tax data. The analysis showed a great number of discrepancies between these data sets. The Fraud team have undertaken a small proactive exercise to analyse the results and were able to identify from a sample the match data £20k of SPD that needed to be removed. These are not fraud cases as there is no regime to review or ask residents to redeclare their status and in many cases the council had been told of the households change in circumstances. This information however has been passed to the council tax team and they will review and remove the SPDs. The fraud team have been mindful of the current cost of living crisis and increasing household debts when selecting the SPDs for removal. Once this outcome from this pilot project has been assessed further work will be completed to try to generate more much needed income for the Council.

## Covid Business Grants

In 2020/21 the fraud team undertook over 2,500 pre payment checks as part of the Covid Business Grant project, to help the project team ensure that for the grants we were administering on behalf of central government we were confident that the recipient of the grant was the eligible party.

This work continued into 2022/23 but since the grant schemes have closed our work has shifted to post event assurance work, as required by the Department of Business Energy and Industrial Strategy (BEIS), ensuring that any errors or frauds identified within the schemes have been dealt with appropriately and providing evidence of our adherence to the grant conditions to BEIS. These schemes were complex in nature for both us and the businesses of the Borough. Due to the efforts of all involved in the project the level of error and successful fraud has been very low. Currently we are working to recover £100k relating to error and are investigating only £150k of fraud.

# Anti-Fraud Activity & Outcomes 2021/22

## Direct Payments

Positive results were achieved when adult direct payment data was matched and analysed. Although there were six fraud red flags that required further investigation. None resulted in fraud cases.

## Parking Data

In 2021/22 a pilot project to see how resident parking data could help to identify fraud was undertaken. A snapshot of data at October 2021 showed us.

- 46 potential SPD fraud issues;
- 42 potential benefit fraud issues;
- 34 likely Council Tax rating issues;
- 13 cases where permit type should have been a commercial one;
- 10 permits issued where the applicant vacated the premises before the application was made;
- 312 where we are unable to identify the address they are linked to.

We will work with the service to understand the root cause of any issues with permit processing and with other services with regards what the intelligence has shown us. We have requested access to the parking data to enable future projects to be completed and for us to develop the use of technologies. This work will seek to identify better controls for the future.