

Appendix D - Anti-fraud



2023/24

Anti-Fraud 2023/24

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.

We reviewed our Fraud Strategy in 2022 to reflect the post Covid era for the Council and to ensure the priorities of our work plan were driven by the current Fraud Risk assessment for the council. For 2023/24 our planned work focused on Housing Fraud with proactive checks to prevent fraud, a proactive exercise relating to unknown Void properties and temporary accommodation and dedicated resources responding to reactive fraud referrals. A Blue Badge Fraud project took place. An additional project regarding Hidden Assets was added to the plan but due to high levels of reactive referrals was not completed and has moved into 2024/25. We also participated in the National Fraud Initiative including a Pilot regarding dual roles which has been a high risk since covid.

Referrals to the team for both proactive fraud checks, and reactive investigations increased again in 2023/24 from prior years, in particular in relation to employee fraud cases. 2023/24 was the third complete year we have been using our case management system, which now enables more efficient monitoring and reporting on cases.

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 team's performance is reported quarterly to the Council's Audit Committee during the year.

Transparency Code 2015 requirements

| Requirement | 2021/22 | 2022/23 | 2023/34 |
|--|--------------------------------------|------------------------------------|------------------------------------|
| Allocated budget for anti-fraud work | £556k | £556k | £506k |
| Number of staff (absolute and FTE) undertaking anti-fraud work | 8 staff: 6.5 FTE | 8 staff: 6.5 FTE | 8 staff: 6 FTE |
| Number of staff of professionally accredited anti-fraud specialists | 6 Staff | 6 Staff | 6 Staff |
| Total amount of time spent on the investigation and prosecution of fraud | 1,135 days | 1,135 days | 1,047 days |
| Total number of fraud cases investigated | 1,287 <i>(165 reactive cases)</i> | 657 <i>(341 reactive cases)</i> | 801 <i>(387 reactive cases)</i> |
| Number of occasions powers under the Prevention of Social Housing Fraud Regulations have been used | 34 | 48 | 65 |

Transparency Code 2015 requirements

| Type of Activity | 2021/22 | 2022/23 | 2023/24 |
|--|--------------|------------|------------|
| Tenancy Fraud | 211 | 229 | 322 |
| Employee Fraud / Whistleblowing Cases | 6 | 9 | 17 |
| Non Employee Fraud/ Whistleblowing Cases | 0 | 0 | 1 |
| Right to Buy applications | 297 | 211 | 171 |
| Blue Badge | 0 | 3 | 38 |
| Gas Safety & Proactive Tenancy Visits | 65 211 | 81 72 | 105 85 |
| No Recourse to Public Funds financial checks | 47 | 52 | 42 |
| Business Grant pre payment checks | 450 | 0 | 20 |
| TOTALS | 1,287 | 657 | 801 |

Anti-Fraud Outcomes 2023/24

Tenancy Fraud

The tables on the next slide contains information regarding caseload.

In 2023/24, 53 council stock properties had been recovered through the actions and investigations of the Fraud Team; £954k can be attributed to the recovery, or cessation, of fraudulent council and temporary accommodation tenancies. This compares to 41 in 2022/23 and 28 in 2021/22.

In 2023/24 there were 322 referrals to the anti-fraud team. This is an increase again on 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 need for improvement in Housing processes that is being tackled as part of the Housing Improvement Programme has hindered some planned developments in fraud strategy for this area.

The workplan for 2024/25 will include a focus on Housing Fraud and will include proactive tenancy fraud activity, more work on temporary accommodation and this will be supplemented by the use of data matching and intelligence from the National Fraud Initiative.

Tenancy Fraud 2022/23

| | Open | Closed |
|-----------------------------------|------------|------------|
| Brought Forward at year start | 241 | |
| New referrals in year | 322 | |
| TOTAL OPEN | 563 | |
| Cases closed – no fraud | | 174 |
| Cases closed – property recovered | | 53 |
| TOTAL at year end | | 336 |

Anti-Fraud Activity & Outcomes 2023/24

Employee and Non Employee Fraud and Whistleblowing cases

The Head of Audit and Risk Management maintains a record of referrals made using the Council's whistleblowing policy. In total, six whistleblowing referrals were made during 2023/24, compared to seven in the prior year. Five of the six were employee related.

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 issues of financial irregularity are investigated by an investigator in the Audit & Risk team.

In 2023/24, five of the referrals were investigated and closed at year end, the remaining (non employee related) one is still open. The Head of Internal Audit and Risk gathers outcomes for information on all cases referred to the team. For the complete investigations, where applicable, management actions were identified, and updates are discussed periodically.

Anti-Fraud Activity & Outcomes 2023/24

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.

The team accepted 17 referrals relating to employees in 2023/24. The 19 cases relating to council employees were made up of a mixture of audit, fraud, corruption issues and have this year included a criminal investigation, which was on-going at the end of the year along with one other employee investigation. Five of these cases were as a result of a whist blower report. Two remain open at year end.

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. Where the audit team undertake a criminal investigation into an employee a disciplinary process will also be triggered. Two cases in 2023/24 required a disciplinary investigation to run parallel and conclude prior to the fraud investigation.

Anti-Fraud Activity & Outcomes 2023/24

Right to Buy Applications

In 2023/24, 111 applications were withdrawn or refused either following investigations and/or failing to complete money laundering processes. This compares to 115 in 2022/23. The target each year is 80. The equivalent of 0.5 full time investigator undertakes this work. Overall, the 111 RTB applications withdrawal or refusal represents circa £10m in potential RTB discounts; and means the properties are retained for social housing use.

There has been a decrease in live applications year on year and this continues in 2023/24. At year end circa 159 applications were in the process with 36 at the anti money laundering stage. This activity also can identifies Housing Tenancy Fraud for us or affecting other local authorities and Housing Benefit overpayments.

No Recourse to Public Funds

As at 31 March 2024, 42 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 decreased by 10 from the prior year but request remains 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 2023/24

Fraud Reporting

The team monitor reports of fraud received by the council from 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.

Hundreds of communications are received each year from members of the public via our fraud hotline or email address. All are reviewed and intelligence checks undertaken as part of the referral acceptance process. The majority do not result in council fraud cases, but all are sign posted on the relevant public sector body or council service for investigation and action.

DPA requests

The team have responded to over 100 Data Protection Requests with regards the prevention and detection of fraud from a range of organisations, including other local authorities.

Blue Badge

A project to focus on Blue Badge Fraud ran in year with the aim of deterring Blue Badge Fraud in the Borough through greater use of sanctions. One case was successfully prosecuted.

Anti-Fraud Activity & Outcomes 2023/24

Proactive Data Matching

The team review results of data matching exercises generated by campaigns such as the National Fraud Initiative as well as local exercises interrogating council held data sets. This year the team identified a number of cases, and provided intelligence they had gathered to housing colleagues to ensure appropriate action could be taken. These findings related to rent accounts in significant credit and also properties where the tenant is deceased but no action to end the tenancy has been instigated.

These proactive exercises are either undertaken to compliment audit activities that are in the audit plan or identify control failings so that audit resources can be directed to this area and control improvement designed.

In 2023/24, 18 council properties were recovered as a result of a proactive project to identify unknown voids.

The team have been part of a pilot exercise on dual roles which will go live nationally in 2024/25.