



Counter Fraud Services

Half Year Report 2019 -
2020

Plymouth City Council
Audit & Governance
Committee

December 2019

Auditing for Achievement



1. Introduction

- 1.1 Fraud in all its forms remains the most common criminal offence in the UK costing the UK economy an estimated £193 Billion a year. This equates to £7200 per household in the UK.
- 1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) commends councils' counter fraud teams but has clearly stated that there is "more work to be done" with multiple reports suggesting fraud costs Local Government anywhere from £2.1bn to £7bn annually.
- 1.3 Rob Whiteman, chief executive of CIPFA, said: "Fraud is a serious issue for local authorities. We must collaborate to combat it and adopt a cross country strategic approach if we are to make serious inroads in the fight against fraud."
- 1.4 "When local government is running on empty- as it is now- it needs to preserve every last drop."
(Rob Whiteman CIPFA CEO)
- 1.5 Fraud is by definition a crime and should not be tolerated. Any fraud against Plymouth City Council is a fraud against the public purse and therefore we will continue to acknowledge the threat from fraud, build processes and policies that will prevent fraud and pursue those who would commit fraud to ensure that the public retain confidence in the Council. Collaboration across the public sector will continue and strengthen under the current working arrangements through DAP and its partners.

2. Fraud Prevention and Detection

- 2.1 Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. The Cabinet Office runs a national data matching exercise, The National Fraud Initiative (NFI), every two years. For the 2018/19 exercise, DAP have co-ordinated the extract of relevant Council datasets, as defined by the Cabinet Office. Departments have supplied their datasets (listed below) and these were uploaded onto the NFI secure website in October in accordance with the NFI timetable. The subsequent matching reports are have been returned and action through the relevant Departments continues. It is hoped that at the time of the next Annual Report that full details of savings attributable to this exercise are available.
- 2.2 PCC, datasets matched against the NFI
- Council Tax,
 - Creditor Payments,
 - Housing Benefits, ,
 - Payroll / Pensions.
 - Housing Waiting Lists,
 - Payment to Residential Care Homes,
 - Personal Budgets – Direct Payments,
 - Licencing (including taxi licences and personal alcohol licences)
 - Market Traders, and
 - Transport Passes (including blue badges and concessionary bus passes)
- 2.3 Irregularities – DAP have provided management with a range of advice and support on courses of action and or improvements to controls on relevant internal matters.



2.4 The DAP Counter Fraud Services Team have produced a full annual report in June 2019 showing statistics from the previous financial year, having dealt with 262 allegations of fraud from internal sources as well as the public, resulting in 15 prosecutions, 44 formal cautions and or other forms of sanctions against offenders. The team's compliance role which is used in areas of counter fraud work where low grade intelligence is available and therefore an intensive and potentially expensive criminal investigation is not warranted resulted in 173 cases where incorrect entitlement of some sort being claimed and have resulted in Council Tax and other accounts such as Insurance claims being corrected, social housing properties being returned to landlords and further referrals being made to outside agencies, where appropriate.

The Report also detailed that they have generated and or assisted in generating much needed savings in several areas of the councils business in the form of proven cashable and non-cashable savings to the tune of £1,436,738.29

The CFST also had at the time of the annual report 141 live investigations into allegations of fraud.

2.5 The statistics for the current year show that there are consistent savings to be made by countering fraud. There have been 215 allegations of fraud made so far this year resulting in 21 recommended prosecutions and 27 recommendations for Cautions and other forms of sanction. Along with various compliance visits a total savings figure of £1,039,868.04 has been realised at time of writing this half yearly report. The team continue to investigate 131 fraud allegations.

2.6 Case reviews are available on **Appendix A**

3. Areas of current fraud investigations

3.1 As part of its ongoing commitment to countering fraud in Plymouth, the Counter Fraud Services Team continues to undertake investigations in the following areas:

- Council Tax Support / Single Person Discount
- Blue Badge misuse
- Social Housing Fraud (involving our partner Registered Social Landlords)
- Client Financial Fraud (Special guardianship)
- Insurance fraud
- Bus pass misuse
- Parking Permit selling
- Non-domestic rates
- Internal cases
- School Admissions Fraud

3.2 The Counter Fraud Services Team will continue to work closely with all PCC departments to ensure that fraud risks are minimised and wherever possible, those found committing offences are dealt with robustly and in line with PCC's Anti-Fraud, Bribery and Corruption Policy and its linked Strategy and Response Plan.

3.3 In October 2018, joint working was re-instigated with the Department for Work and Pensions (DWP). This will effectively mean that wherever an investigation into Council Tax Support is jointly investigated with DWP when Housing Benefit or some other primary benefit is involved, that the DWP will completely fund the prosecution, should this be the chosen sanction for the offence. At the time of this report the CFST were jointly investigating 16 cases of Housing Benefit and Council Tax Support fraud with their Civil Service colleagues.



3.4 All allegations of fraud will continue to be investigated appropriately irrespective of the area of the Councils' business and irrespective of value.

4. Progress against focussed annual plan 19/20

- 4.1 Presentation to senior management and Councillors to maximise awareness of fraud issues and ensure commitment from the top of the organisation so that the Anti – Fraud Bribery and Corruption Policy and its accompanying Strategy and Response Plan are adhered to appropriately.
(Not yet implemented)
- 4.2 Ensure that identified areas of fraud risk are followed up and minimised.
(Ongoing review of NFI processes and completion rates along with highlighting new and emerging areas of risk)
- 4.3 Continue to provide a consistent level of service to PCC whilst also maximising external income generation possibilities for Devon Audit Partnership and therefore PCC as the major stakeholder.
(Savings figures available so far this year are comparable if not higher than this time last year, the CFST have also secured investment from other partners in supporting the fight against fraud in their respective areas)
- 4.4 Take an active role in shaping the new national document 'Fighting Fraud & Corruption Locally' 'The local government counter fraud and corruption strategy' 2020 onwards.
(The CFST Manager has presented nationally at the request of CIFAS who sponsor this strategy in conjunction with CIPFA, the National Anti-Fraud Network (NAFN) and Grant Thornton amongst others. Information, support and assistance is being provided to the group by the CFST so that a LA national standards in counter fraud investigation can be implemented and a consistent message can go out to all in LA's about best practice)
- 4.5 Generate closer professional links with Devon and Cornwall Police and the National Crime Agency to ensure that serious and organised crime is addressed and considered going forward. All fraud crimes should be reported to 'Action Fraud' going forward.
(The team continue to cooperate with D&C Police. The teams intelligence officer has recently been informed that a case they were due to be a witness in has been resolved with 4 defendants being found guilty of 'Conspiracy to Supply Cocaine', 'Conspiracy to Supply Heroine' and 'Conspiracy to Import Heroine' resulting in a total prison sentence of 41 years between them. The team will continue to foster these links and involve the NCA wherever relevant)

5. Conclusion

- 5.1 The DAP, Counter Fraud Services Team continue to set the standards in the South West Peninsula in the area of counter fraud. National recognition has shown that Plymouth City Council remains committed to its moral and legal duties to the public and that it effectively acts in line with its own 'Plan, Mission, Value and Priorities'.
- 5.2 The problem of fraud is an ever growing one, which is constantly changing and evolving. However much fraud changes it is effectively 'old wine in new bottles'. That is to say that the delivery method may change but the ideas and reasoning remain the same. The Counter Fraud Services



Team remains committed to the challenge and will endeavour to ensure that Plymouth City Council's services are given only to those who are genuinely entitled to them.

5.3 The Counter Fraud Services Team will continue to adapt flexibly to any and all future fraudulent threats and look to lead the agenda locally and nationally in combatting fraud. The work that continues to be done by the team is regularly raising Plymouth City Council's profile in a very positive way and the national recognition is in no small part down to the continued support from Plymouth that shows that it actively 'protects the public purse'.

5.4 A full contact list for DAP Counter Fraud Services is available on **Appendix B**



COUNTER FRAUD SERVICES TEAM CASE STUDIES

Case study - Mr P.

Social Housing Fraud

An allegation was received from a Social Housing Landlord that Mr P was potentially subletting his property illegally to an unentitled third party. Mr P was already in the process of applying for the 'Right to Buy' for his social housing property.

The subsequent investigation revealed evidence that Mr P's friend was subletting the property from him and had been for at least 2 years. It also confirmed that Mr P was living in a private rented property with his girlfriend less than 2 miles away.

Mr P constantly denied the allegations, however at his interview under caution with the DAP Counter Fraud Services Team after repeatedly lying he admitted that the overwhelming evidence proved that he was letting his friend live at his social housing property but denied that he had done anything wrong.

Mr P was subsequently prosecuted and pled guilty at that point to two offences contrary to – *Prevention of Social Housing Fraud Act 2013* – in relation to the dishonest illegal sublet of a Social Housing property.

Fraud Act 2006 – in relation to the dishonest attempt to fraudulently obtain a £39,600 discount on his 'Right to Buy'

Mr P was sentenced to 160 hours unpaid work for each charge and ordered to pay PCC £750 towards their costs. Judge Darlow stated at the end of the case that "It was fraud, the decision by Plymouth City Council to prosecute is to be applauded".

Case study – Mr E.

Disabled Blue Badge Fraud

This allegation was received via the Parking Services Unit. That Mr E had been caught using a disabled Blue Badge that was not issued to him and where the Blue Badge holder was not present.

The subsequent investigation established that the Blue Badge holder had in fact died 12 months prior to the offence and that the offender was the Blue Badge holder's nephew.

When initially confronted by the Civil Enforcement Officer Mr E had stated that his uncle was in town, he then stated that in fact he was at home in Plympton. Neither of these statements was true as at the time of the offence his uncle was clearly deceased. (In fact it was Mr E who informed PCC that his uncle had passed away.)

At his interview under caution Mr E was asked to explain his actions and he said that he found it highly amusing that we would have been attempting to contact his uncle, as he was in Plympton, but that it was in the local church cemetery.

Mr E was prosecuted and subsequently pled guilty to an offence contrary to *Fraud Act 2006* – Dishonestly attempting to obtain a disabled persons parking concession.

Mr E was sentenced to a £220 fine with a 12 month conditional discharge.



Case studies - Miss G, Mr M, Miss M and Mr P.

Concessionary Travel Pass Fraud

The above offenders have been grouped together to show that there is a consistent theme running through these types of offence.

All of these case and others were reported to the Counter Fraud Services Team by drivers working for a local bus company. All were attempting to gain free travel on the bus, and on investigation it proved that they had used the same Concessionary Pass on multiple occasions.

Miss G was using the pass belonging to a vulnerable adult with learning difficulties and had used it at least 5 times that we could prove.

Mr M was using the pass of a disabled individual and had used the pass at least 6 times that we could prove.

Miss M was using the Concessionary Travel Pass of a deceased family member and had used the pass at least 4 times that we could prove.

Mr P was using the pass of his deceased father and had used it on at least 3 occasions that we could prove.

All offenders pled guilty at court and were sentenced as follows –

Miss G - £100 fine

Mr M - £200 fine

Miss M £220 fine

Mr P - £110 fine

Only cases which are considered serious enough and fulfil the criteria outlined in the 'Code for Crown Prosecutors' are forwarded for prosecution.



Devon Counter Fraud Services Contacts

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