
Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **Tuesday 4 July 2023**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **COUNTER FRAUD PROGRESS REPORT**

Contact Officer: Francesca Chivers, Head of Audit and Assurance
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Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for decision/report and options

This report provides an update on Counter Fraud activity and outcomes for the 2022/23 financial year.

2. **RECOMMENDATION**

a) **Note the Progress Report and comment on matters arising.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
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Transformation Policy

1. Policy Status: Not Applicable
 2. Making Bromley Even Better Priority:
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
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Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Audit
 4. Total current budget for this head: £568,460 in 2022/23
 5. Source of funding: Existing revenue provision
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Personnel

1. Number of staff (current and additional): Counter Fraud services are delivered by Royal Borough of Greenwich under a partnership agreement
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory Requirement: Under the Accounts and Audit Regulations, Section 4, Paragraph 4 (a) (ii), the Council must ensure that financial control systems include measures to enable the prevention and detection of fraud. Fraud investigations may result in prosecution where appropriate.
 2. Call-in: Not Applicable:
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Procurement

1. Summary of Procurement Implications: None
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Property

1. Summary of Property Implications: None.
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Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: None
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Impact on the Local Economy

1. Summary of Local Economy Implications: None

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: None
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Customer Impact

1. Estimated number of users or customers (current and projected): Counter Fraud activity is relevant to all of the Council's stakeholders.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

3. Counter Fraud Activity

- 3.1.1 This report provides an update on both new and previous fraud investigations, as at the end of the 2022/23 financial year. The Fraud service is provided by the Royal Borough of Greenwich (RBG) who investigate all allegations of fraud and maintain the fraud register. The report also provides information on pro active fraud work that is underway.

Fraud Referrals and Investigations

Blue Badge Fraud

- 3.1.2 Members will be aware of the activity by the Shared Parking Service to combat the criminal offence of Blue Badge misuse. High rates of prosecution success have been achieved through close working with the Greenwich Fraud Team.
- 3.1.3 Information is collated, and the case passed to the Greenwich Fraud Team. The Greenwich Fraud Team will carry out an investigation, identifying drivers, arranging interviews under caution, establishing intent and mitigation and undertaking public interest and evidential tests on cases which may be suitable for prosecution before passing these to Legal Services for final authorisation. Feedback is also provided where evidence or process errors affect the suitability for prosecutions so that this can inform Civil Enforcement Officer (CEO) training.
- 3.1.4 Prosecutions are undertaken by Bromley Legal Services utilising the Single Justice Procedure. The Criminal Justice and Courts Act 2015 introduced the Single Justice Procedure which applies only to cases involving adults charged with summary-only non-imprisonable offences. It enables such cases to be dealt with by a single magistrate sitting with a legal adviser on the papers without the attendance of either a prosecutor or the defendant. The defendant will instead be able to engage with the court online (or in writing) and the case will not be heard in a traditional courtroom. The Single Justice Procedure was designed to save Court time in cases where a full hearing may not be necessary. Magistrates' Courts were finding that their Court lists were becoming clogged up with low level offences.
- 3.1.5 It is for prosecutors to identify cases which are suitable for the Single Justice Procedure. These are commenced by a written charge and a Single Justice Procedure Notice. The Single Justice Procedure Notice is sent to the defendant explaining the offence which has given rise to the proceedings, the options available to the defendant, and the consequences of not responding to the notice. It is accompanied by the evidence upon which the prosecutor will be relying to prove the case. The notice will give the defendant a date to respond in writing to the allegation - rather than a date to attend court. However, the defendant has the right to request a traditional hearing in open court. If they wish to plead not guilty, or otherwise want to have a hearing in a traditional courtroom, the defendant can indicate these wishes in the response to the Single Justice Procedure Notice. In such circumstances the case will be referred to a traditional court and the case will be managed in the normal way.
- 3.1.6 In cases where a defendant pleads guilty and indicates that they would like to have the matter dealt with in their absence, or fails to respond to the notice at all, a single magistrate will consider their case on the basis of the evidence submitted in writing by the prosecutor, and any written mitigation from the defendant. The single magistrate can convict and sentence or dismiss the charge as appropriate. If a single justice considers at any point that it would be inappropriate to conduct the case under the single justice procedure, the justice can refer it to a traditional magistrates' court.

3.1.7 **Table 1** below provides a comparison of referrals received for the last four financial years (since the start of the current partnership agreement with RBG).

Table 1 – Blue Badge Referrals

	2019/20	2020/21	2021/22	2022/23
Total	129	22	64	80

3.1.8 The table shows that there is a steady increase in the number of new cases being referred, since the drop in cases during the pandemic. Referrals sent to the Greenwich Fraud Team relate predominantly to allegations of lost, stolen or expired Blue Badges being displayed or the use of Blue Badges belonging to persons who are deceased. Attendance at Interviews Under Caution is still intermittent and quite often two or three interviews are scheduled before the individual attends.

3.1.9 As of 31 March 2023, there were 13 cases designated as “prosecution pending”. This means that the cases have been fully investigated and are now with Legal Services for consideration of appropriate further action. This is in addition to the 50 prosecutions already achieved between April 2022 to March 2023.

3.1.10 **Table 2** below provides a comparison of Blue Badge prosecutions, cautions and warning letters for the past four financial years. Please note that the figures for 2020/21 will include cases from 2019/20 that were delayed as a result of the pandemic. Parking Services Blue Badge Policy was reviewed in November 2020 with a new set of procedures which included an additional outcome of a simple Caution. This additional outcome is included in the statistics from 2021/22 onwards.

Table 2 – Blue Badge Prosecutions, Cautions and warning letters

	2019/20	2020/21	2021/22	2022/23 Apr-Dec
Prosecutions	46	57	27	50
Warnings	30	30	13	8
Cautions	NA	NA	3	5
Total	76	87	43	63

Cases Referred to DWP Single Fraud Investigation Service and Joint Working

3.1.11 On 1st June 2015 the responsibility for the investigation of housing benefit fraud formally transferred to the Department for Works and Pensions and the Single Fraud Investigation Service (SFIS). The Council was obliged from this date to refer all allegations of housing benefit fraud directly to SFIS for them to pursue and action as they deem appropriate.

3.1.12 66 cases were referred to the DWP between April 2022 and March 2023. These related mainly to Benefit cases where allegations of undisclosed income and living together were made. Of these cases, 33 cases have been accepted for investigation, 14 cases have not been accepted for investigation and 19 cases are still being considered.

3.1.13 Two further cases were referred to the DWP for joint working. These two cases were accepted and involved a Living Together case and an Undeclared Income case. These cases are still under investigation. The DWP requested joint working on one case which involved Undeclared Capital.

Miscellaneous Cases

3.1.14 Between April 2022 and March 2023, a total of 103 non-Blue Badge cases were received for investigation.

- 58 were allegations received from members of the public (*1 email, 19 by phone, and 38 through the LBB website*)
- 33 were from the Council's contractor who provide a Benefits Assessment Service to LBB
- 2 were from another Local Authority
- 4 were from other LBB Depts
- 2 were from a member of staff
- 1 from DWP
- 3 were proactive investigations (2 involving Business Rates and 1 for Claimant Earnings)

3.1.15 The allegation types received for the 103 non Blue Badge cases were:

- 29 cases of Living Together as Husband and Wife
- 14 cases of Council Tax Fraud
- 17 cases of Earnings / Undeclared Income
- 9 cases of Vacated Addresses
- 4 Subletting Cases
- 2 Planning Cases
- 7 Undeclared Capital cases
- 5 Undeclared Non Dependants
- 1 False School Application case
- 1 Non Fraud Related Query case
- 3 cases of Contrived Tenancy
- 7 cases of False Household Composition
- 1 Anti Social Behaviour
- 2 Business Rates cases
- 1 False ReHousing Application case

The status of the 103 non Blue Badge cases received are shown below

- 66 – Referred to the DWP SFIS department
- 11 – No Fraud Proven
- 11 – Referred to landlord or other LBB department
- 3 – Not Accepted
- 11 – Current Investigation
- 1 – Exemption Removed

3.1.16 There have been 14 cases of suspected Council Tax fraud received during the year. 3 cases were referred to the DWP SFIS, 5 cases were referred to other LBB departments, 1 case was not accepted and 5 cases were closed with No Fraud Proven.

3.1.17 There have been 13 cases of suspected subletting or vacated addresses. 2 cases resulted in no fraud proven, 2 cases were referred to the Registered Social Landlord (RSL), 8 were referred to the DWP and 1 case is currently under investigation. An initiative to commence some further joint working with two Housing Associations is still being explored. The Service Level Agreement is currently being reviewed by both associations and their legal teams before joint investigation work can commence.

3.1.18 The DWP need to adjudicate on entitlement to the benefit it administers before the Council can then determine if there is any impact on Housing Benefit or Council Tax Reduction Support (CTRS) in payment. The total amount of Housing Benefit Overpayment between April 2022 and March 2023 was £2,262.86 and £710.43 for CTRS.

Proactive Counter Fraud Work

Fraud Awareness

3.1.19 Members of Audit and Risk Management Committee approved a new Counter Fraud Strategy in November 2022. This Strategy contained a new focus on proactive and preventive counter fraud work. Consequently, we have sought to increase our work in this area in the latter half of the year. As reported to the March Committee meeting, as part of Fraud Awareness Week in November, we worked with Public Affairs to provide some fraud awareness communications to both staff and residents. We also provided a Fraud Awareness session to all managers as part of the monthly Managers Briefing in December.

3.1.20 In December 2022, Greenwich Fraud Team provided bespoke Fraud Awareness Training to Housing Officers highlighting the different types of fraud that can be committed against the Council. Staff were shown examples of previous investigations (including surveillance footage) and were advised how they can refer cases for investigation and what happens with the referral once received. As a result of the training, two cases were received from the Housing team, one for an alleged false rehousing application and the other for an alleged undeclared non-dependent.

3.1.21 Fraud Officers from RBG are providing similar training to front line adult social care staff in June 2023.

Small Business Rates Relief (SBRR)

3.1.22 Greenwich Fraud Team are currently undertaking a pro active counter fraud exercise to identify potential hereditaments currently claiming SBRR but which do not qualify for the relief. This exercise is being done through both internal data matching and through using an external data matching company to match SBRR claims in Bromley with data from across the country as a whole.

3.1.23 The initial matching exercises have taken place and have resulted in the identification of approximately 30 companies where further investigation is warranted to ascertain whether SBRR has been awarded incorrectly or claimed fraudulently. A small number of cases have also been identified where Covid Small Business Grant may also have been incorrectly paid, as the entitlement to this was based on SBRR. The Team are currently working through these, including review of case files and conducting Interviews Under Caution where appropriate. To date, a total of £55,000 has been repaid for SBRR. (This includes entitlements incorrectly awarded for previous years). When the exercise is complete, we will provide a full update on outcomes to this Committee.

National Fraud Initiative (NFI)

3.1.24 On a bi-annual basis, the Council is required to submit various data sets to the National Fraud Initiative, run by the Cabinet Office. These data sets include Payroll, Pensions, Trade Creditors, Housing waiting list, Residents Parking and Council Tax Reduction Scheme. They are then matched with those from other Local Authorities and public bodies and any matches which may indicate error or irregularity are returned to the Council to investigate. We are currently working through the matches to ascertain if any warrant further action or more detailed investigation.

4. FINANCIAL IMPLICATIONS

Proactive and investigative fraud work aims to minimise financial loss to the Council.

5. LEGAL IMPLICATIONS

Under the Accounts and Audit Regulations, Section 4, Paragraph 4 (a) (ii), the Council must ensure that financial control systems include measures to enable the prevention and detection of fraud. Fraud investigations may result in prosecution where appropriate.

Non-Applicable Headings:	Impact on vulnerable adults and children Transformation / Policy Implications Personnel Implications Carbon Reduction / Social Value Implications Impact on the Local Economy Impact on Health and Wellbeing Ward Councillor Views Procurement Implications Property Implications Customer Impact
Background Documents: (Access via Contact Officer)	None