

# Counter Fraud & Investigation



See it. Report it. Stop it.

## Counter Fraud & Investigation Annual Report 2022/23 & Completed Proactive Work Plan 2022/23

## Foreword

The Counter Fraud & Investigation (CFI) team's key role is to protect Thurrock Council from fraud and economic crime. The department has gone through many changes in the last few years, notably in 2019, where there was growth in the departments national capability providing expertise to other public bodies to reduce economic crime. This function is known as The National Investigation Service (NATIS).

Late last year, the fraud department separated it's remit of local and national capability and became two separate services, ensuring that neither aspect of the work was compromised. This has led to some resource change and has seen the CFI concentrate on Thurrock Council issues.

This has allowed for the new CFI function to identify the needs of the authority and understand the requirements that are to be placed on the service moving forward. This is an exciting development and has seen immediate results for the CFI.

Although this is a financially challenging time for Thurrock Council, the work of the CFI will be vital to ensure that no monies leave the Authority due to criminal activity. The CFI team will work with all service areas within the Council to assist in fraud prevention. Training and awareness will be the focus of the CFI team, as well as recovery of illegally sub-let or obtained Council properties. This is a vital resource for a local authority and one that's abuse cannot be ignored or left unactioned.

The CFI receive referrals from various sources including, members of staff, elected members, members of the public, contractors, auditors, and others. The CFI investigate these referrals utilising all legislative avenues, making Thurrock Council a difficult place for criminals to prosper and for trust to be rebuilt.

## Governance & Accountability

The governance structure overseeing the teams work is now formed of several independent bodies:

### **Local – Standards & Audit Committees**

- Monitoring of Performance against each annual strategy for the bodies to provide assurance of crime risk and organisational governance

### **Investigatory Powers Commissioner's Office**

- Inspections to monitor the use of investigative tactics regulated by the Regulation of Investigatory Powers Act 2000, Investigatory Powers Act 2016 and Human Rights Act 1998

### **Home Office - National Police Information Risk Management Team**

- Inspections to monitor the security of data used in the department

### **National Crime Agency – Proceeds of Crime Regulator**

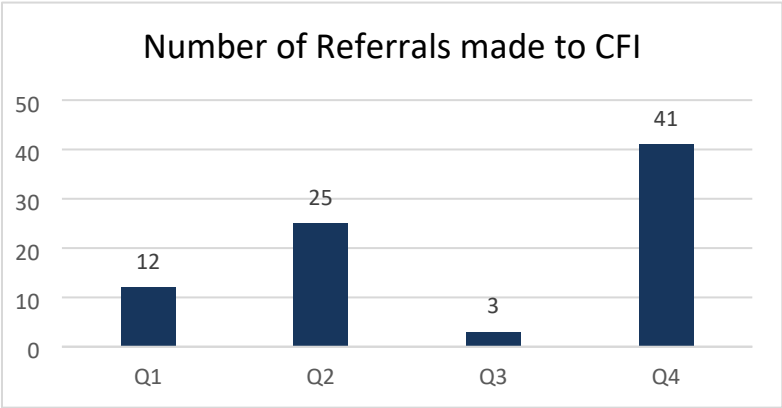
- CFI uses a number of powers afforded by Parts 2, 5 and 8 of the Proceeds of Crime Act 2002. The National Crime Agency is the regulator of these powers.

### **UK Accreditation Service**

- CFI has its own forensic laboratory to deal with digital media, recovering material from electronic devices for use in criminal or civil outcomes. All laboratories conducting this work in the UK must now be accredited to ISO17025 (International Standards). CFI has worked towards this accreditation for 2 years. This year the final inspection will take place to accredit CFI's laboratory to ISO17025 standards.

# Performance & Finances

The CFI has seen an increase in the number of referrals it has received over the last quarter of the year 22/23 with referral rates rising significantly after the separation of remits from the national function, with the CFI team receiving over half of the entire referrals made to CFI in 2022/23 in Q4. This has evidenced that the smaller focused team has the ability to engage and deliver to a wider audience and generate a greater workflow.



81 reports of suspected fraud were received and became criminal investigations, with Housing being the prominent referral as can be seen from the breakdown below

Housing	Transport	Revenues	RTB	Theft	Payroll	Social Care	Worker (Insider Threat)	DWP Referral	Other	Procurement	Cyber
52	1	3	7	1	1	1	6	1	6	1	1
£1,359,800	£1,500	£12,000	£678,600	£100	£100,000	£1,250	£45,600	£0	£24,500	£23,500	£1,050

The total value of these allegations was **£2,247,900**<sup>1</sup>

<sup>1</sup>The value of an investigation is determined by the facts known at the time. This figure can therefore fluctuate dependant on the evidence available within an investigation.

# Finances

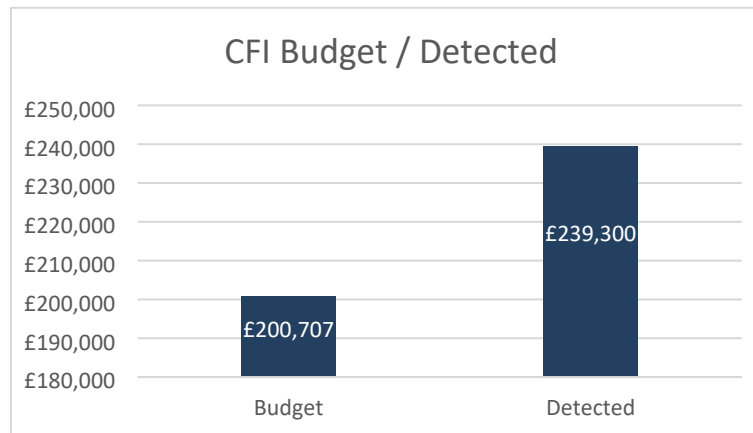
After separating 'local' and 'national' remits a separate budget was created to manage this separation, this has caused an inability for comparison to years past, as the basis of the figures differs. However, the budget of the CFI service has reduced from consistently being in the millions to approximately £200,000, for which the majority comes from the HRA.

The 2022/23 CFI budget was £200,707, which was underspent by £63,000 at year end. The CFI also generated income of £136,000 in 22/23 through traded services with other local authorities, this enabled the team to end the year with a surplus budget of nearly £200,000, which was put back into Council revenues for use by other departments within the Council.

The CFI also saved the Council £94,000 by recovering 4 social housing properties. This allows vulnerable families that may have been housed in either private or emergency accommodation, to move into the Council owned housing stock and thus reducing ongoing costs to various departments within the Council.

The detection<sup>2</sup> ratio for 2022/23 was £1.74 detected for every £1 spent by the CFI, although positive, there is to be an increased target for 2023/24 detections of £3 for every £1 spent.

Although in the short time frame since the separation of the two remits of work has happened, the CFI has seen growth in referrals as earlier reported and anticipates expedient detection rate increases throughout 2023/24 which support the target detection rate of £3:£1



<sup>2</sup> A detection is regarded as any investigation that has resulted in the matter being proven by the CFI. It does not represent money that has been recovered through the legal process.

## Operational Activity

### Social Housing Fraud

Last year 4 social housing properties were recovered by the team, although a decrease on 2021/22, the team recovered the same number of homes in the last quarter after the separation of the two remits, then during the first 3 quarters of 22/23, an acknowledgement to the new dedicated remit that is immediately yielding results for the Council.



# 4

**Social Housing  
Properties  
Recovered**

#### Case Example

A case had been ongoing since 2020, which involved a 'Council tenant' who had been subletting the Council property they had been given. The team identified that the legal tenant had left the UK and took up residence in Poland. The property was visited multiple times and confirmed vacant by the team, who notified the Housing teams who then started possession proceedings via the 'non-payment of rent' legal pathway. As a result, the case was brought before the court due to rent arrears and control of the house was returned to the Council, allowing a vulnerable family to be rehoused. This is the perfect example of the new approach by the CFI team, with close interaction with other teams/departments within the Council and finding the simplest and most cost-effective way of restoring social housing back to those that need it.

Information was received that a property was being left empty and the tenants were living somewhere else. The CFI team visited the property and there was no evidence that the property was being lived in. The team researched the tenants and through intelligence systems were able to identify that the tenant had moved to another part of the UK. The couple were traced via financial enquiries and other Council held intelligence and were then interviewed by officers from the CFI. The tenant explained they were keeping the property in case their move 'didn't work out'. After being told that this breached their tenancy, the tenant voluntarily agreed to quit the property and allowed the Council to rehome another family. Another good use of communication and effective intelligence resulting in no formal court action being required.

## Other CFI Activity

### **Intelligence Dissemination and Prevention**

CFI works closely with policing partners and other law enforcement bodies to protect the public purse. Intelligence is lawfully shared under statute, including the new Data Protection Act 2018 where crime is suspected.

The CFI works closely with law enforcement and other intelligence agencies to develop intelligence that will assist in protection of the public. Over the last year 152 Alerts or guidance notes were disseminated by CFI across all our local authority and public partner service areas.

The team has also disseminated 128 Intelligence Reports to other agencies to assist with their criminal investigations.

### **Collaborative Activity**

Our team has worked with other areas of the Council ensuring that working practices did not encourage or enable Fraud (including theft). The time spent with teams is vital in the Council's ethos of reducing Fraud by prevention and not detection. As can be seen, the CFI are concentrating on assisting the teams of Thurrock Council and finding solutions to problems those departments bring to the team. The CFI can prosecute those that commit crime against the Council, but they are also able to assist in ensuring the easiest and quickest method to solve a problem is also considered.

Those that do commit crime against the Council should be aware that the team will identify criminality and, where appropriate and necessary, prosecute those individuals or groups.

The team have given training to various Housing officers and teams, as well as given Counter Fraud advice to a number of departments, this will always be a priority for the CFI team

# Counter Fraud & Investigation Strategy 2019-2024

## Our Fraud Control Strategy

Our Strategy ensures all of our actions are considered and justified.

The Counter Fraud & Investigation team's work ensures that we are able to identify at an earlier stage intelligence relating to the key priorities below, particularly those affecting the most vulnerable of society.

### Who are We?

A specialist function to protect public finance from fraud and serious crime, using our legal framework as a local authority service

### What is Our Purpose?

- 1 Protect the public purse from crime
- 2 Support the wider-public sector with shared, advanced capabilities

### What are Our Priorities?

Crimes affecting a vulnerable adult or child

Insider threats in local government

Organised crime targeting local government

Improving local government's resilience to cyber crime

### How do we Succeed?

Always acting Ethically in everything that we do, working to our values, attitudes and principles

Consider opportunities to work collaboratively with others for the benefit of our purpose, sharing our knowledge, experience and expertise

Apply the 4 'P' Strategy to Prevent, Protect and Prepare local government for economic crime, pursuing offenders where necessary

Ensure our teams are fully equipped to respond to the threats faced from economic crime



## Proactive Work Plan 2022/23

The CFI completed some tasks on the proactive work plan, however due to delayed recruitment and therefore not possessing the resources to complete the tasks, some have been deferred to the new 2023/24 work plan.

Risk Area	Activity	When	Current Status	Responsible Officer	Date Complete
Council-wide	<p><b>Training of high risk areas in counter fraud measures</b></p> <p>Ensure understanding of the threats posed to those areas. To be tailored to the areas and ongoing support offered via a Single Point of Contact with CFI. This is a yearly activity that CFI will continue to deliver.</p>	July 2022 to June 2023	Training was completed with Housing teams and others upon request.	Michael Dineen	April 2023
Council-wide	<p><b>Review all relevant policies concerning fraud aspects of the Council's business</b></p> <p>Ensuring that all hold the most up to date legislative information as well as ensuring best practice is always adhered to.</p>	Jan 2023	Although there was a review of some policies, it became apparent that not all would be able to be reviewed in year. This will now fall to the incoming Investigations Manager for 23/24.	Michael Dineen	Deferred to 2023/24
Council-wide	<p><b>A Fraud Health Check on the Social Care Application Process</b></p> <p>Ensuring the applicants that apply for Social Care assistance are entitled to and worthy of such care assistance, specifically direct payment care.</p>	Apr 2023	This will require staff in post to ensure a comprehensive check is completed. A resource review has deemed this suitable for CFI action, however it is likely this will be deferred to 2023/24 due to recruitment processes.	Michael Dineen	Deferred to 2023/24 work plan
Council-wide	<p><b>Targeting POCA and Civil Legislation to maximise effect on criminal behaviour</b></p> <p>Ensure that CFI utilise the appropriate legislation to maximise the effects on criminals beyond just criminal convictions and where this takes place ensure that our</p>	June 2023	This continues and the CFI will work with current AFIs to ensure best value for money in relation to the sharing of resources. There is an overall strategy to target criminals not only by criminal convictions, but to also strip them of their wealth that has been gained by criminal activity,	Michael Dineen	No end date for activity as a constant work stream

Risk Area	Activity	When	Current Status	Responsible Officer	Date Complete
	vision of protecting the public purse is adhered to by promoting this work through all media streams.		this is in line with all law enforcement agencies across the UK.		