

# Counter Fraud & Investigation



See it. Report it. Stop it.

# Counter Fraud Annual Report 2020/21 & Strategy & Work Plan 2021/22

 [thurrock.gov.uk](http://thurrock.gov.uk)

## Foreword

*“This year has brought significant wide-ranging challenges for Thurrock and the country as a whole. We began our Emergency Management response – enacting plans to protect the most vulnerable and ensure support was accessible to anyone who needed it.*

*In Thurrock, the council delivered the government’s strategy implementing local restrictions and administering schemes to protect the local economy through funding to business in financial grants to support their closure.*

*The CFI team supported and developed plans to ensure those support schemes could be delivered, preventing the loss of over £600k of public finance.*

*As the country enters the next phase of Emergency Management in recovery, the CFI team will be focusing its efforts to protect those schemes in addition to the normal council service delivery.*

**David Kleinberg,**  
Assistant Director for Counter Fraud, Investigation  
and Enforcement

# Performance and Partnerships

Our key role is to protect Thurrock and Castle Point Councils from fraud and economic crime and has been since 2014, however, in 2019 we saw growth in our national capability providing expertise to other public bodies to reduce economic crime, which has seen us work with a number of police agencies across the UK and complete work on behalf other local authorities.

In 2020/21 this grew even further with the expansion of our national capability, The National Investigation Service (NATIS), whom formed a working collaboration with The Department of Business, Energy and Industrial Strategy (BEIS) as well as a collaboration with the Cabinet Office. These collaborations have seen NATIS at the forefront of the fight against fraudsters who have attacked the Covid-19 stimulus schemes that the government have announced over the last year. This includes those that have directly affected Local Governments, such as the Business Support Grants.

Through the great work of those involved the collaborations have gone from strength to strength and is to continue into 2021/22.

## CFI activity since its launch



**£40m**  
Detected  
Fraud



**£9m**  
Recovered  
from  
Criminals



**Over 100**  
Public  
Bodies  
Supported



**180**  
Insider Threats  
Identified



**23**  
Organised Crime  
Groups (OCGs)  
Disrupted



**26**  
Police  
Forces  
Supported

## Governance & Accountability

The provision of a national capability brings with it national responsibilities and oversight. Recognising our role and responsibilities, we sought assistance from national bodies to implement an appropriate inspection regime to provide assurance over our work.

The governance structure overseeing the directorate's work is now formed of several independent bodies:

### **Local & Central Government – 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 investigatory 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

### **College of Policing**

- Delivery of Accredited programmes for all the officers in the directorate, including Professionalising Investigation Practice (PIP) & Intelligence Professionalisation Programme (IPP) accreditations

### **Crown Prosecution Service**

- Conduct reviews of Criminal Investigation casework prior to accepting for prosecution, held to the Crown Prosecutors Code as well as Police & Criminal Evidence Act and Criminal Procedure Act 1984 & Investigations Act 1996

### **UK Forensic Science Regulator**

- The Regulator ensures that the provision of forensic science services by CFI across the criminal justice system is compliant to an appropriate regime of scientific quality standards.

## Governance & Accountability

### **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. An inspection in to CFI's use of the powers will take place in July 2018.

### **UK Accreditation Service**

- CFI has its own forensic laboratory to deal with digital media, recovering material from electronic devices for use in 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.

## Finances

The Counter Fraud & Investigation is the Thurrock Council service that protects the council from fraud and economic crime. In addition the service also provides a full Counter Fraud Service to Castle Point Borough Council and other Housing Associations. Other partners can join the service with a financial contribution or with the secondment of its staff into the team.

In some cases where CFI is providing a partner's on-site counter fraud resource CFI will have an 'on-site' budget to maintain the counter fraud & investigation operations for that partner. The National Investigation Service is commissioned by external partners of which the funding is pre-agreed and the contribution is controlled by ongoing agreements

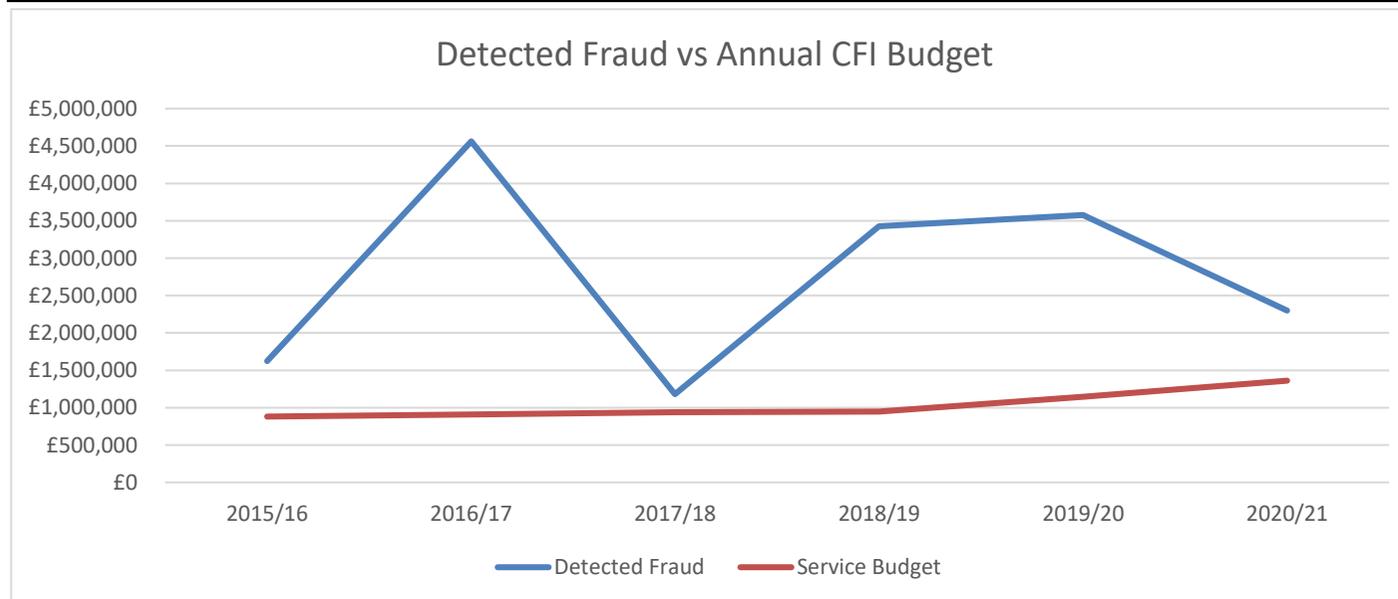
### Overall CF&I Budget 2019/20

<b>Contributor</b>	<b>Contribution</b>
Other public bodies	£56,979
Thurrock Council	£1,360,983
Castle Point Council	£64,000
<b>Total Budget</b>	<b>£1,481,962</b>

## Finances

### Return on Investment (2015-2021) Thurrock Council

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Detected Fraud</b>	£1,622,604	£4,562,032	£1,179,987	£3,426,474	£3,578,285	£2,298,200
<b>Service Budget</b>	£880,637	£909,556	£939,313	£945,876	£1,144,949	£1,360,983
<b>Income</b>	(£701,418)	(£3,729,705)	(£889,097)	(£941,155)	(£205,334)	(£198,755 <sup>1</sup> )



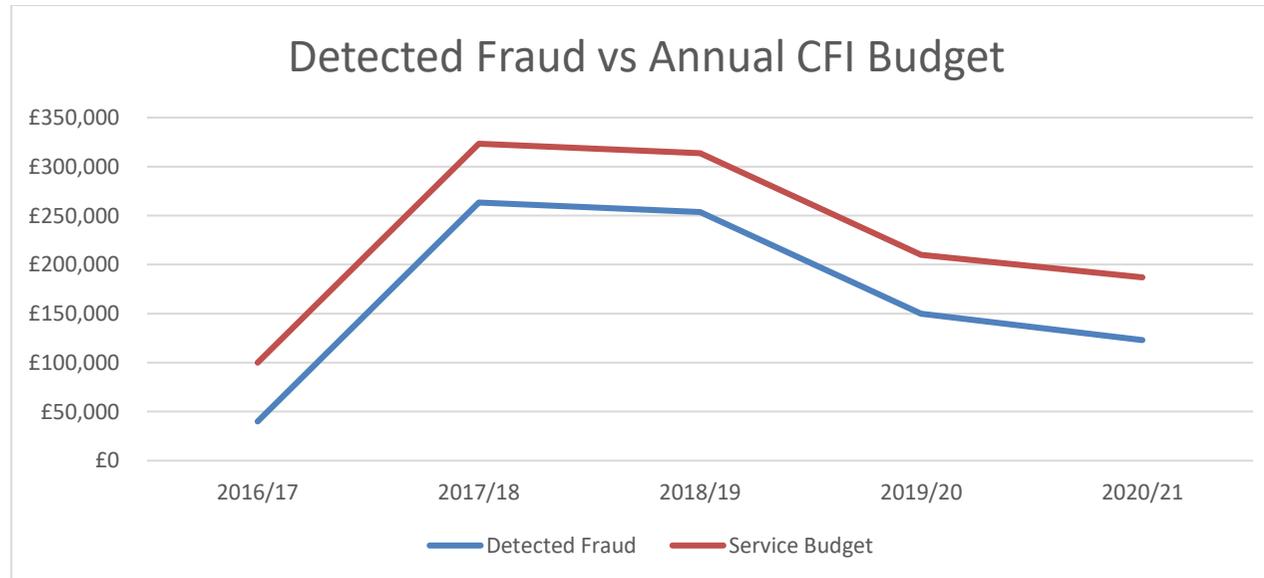
Since the Counter Fraud & Investigation team was revised in 2015 it has received **£6,181,314** of council funding but detected **£16,677,582** of fraud. During that same period the CFI service has also returned **£6,665,474** of realisable cash back in to council finances.

<sup>1</sup> This figure represents the available assets which can be ordered to be paid back by criminals to the council under the Proceeds of Crime Act 2002 or civil remedy, which is different to the amount of fraud that was proven at court.

## Finances

### Return on Investment (2016-2019) Castle Point Borough Council

	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Detected Fraud</b>	£40,000	£263,400	£253,800	£149,900	£123,000
<b>Service Budget</b>	£60,000	£60,000	£60,000	£60,000	£64,000



## Operational Activity

### Social Housing Fraud

Last year 2 social housing properties were recovered by the team in 2020/21 as COVID affected the efficiency and strategy of the housing fraud teams as well as the government decision stop any evictions for most of last year.

Although this number is low, all intelligence that the CFI received has been retained and the CFI are to take action against these referrals in 2021/22. Recovering properties lost due to fraud and preventing further housing stock being lost ensures the use of temporary accommodation for those in need is reduced and remains a priority.



2  
Social Housing  
Properties Recovered

#### Case Example

In October 2020 the CFI received an allegation of an abandoned property in Grays with mounting rent arrears. From investigations it became clear the occupant hadn't resided for some months and a property which could have been provided to a deserving family was sitting vacant.

The CFI carried out extensive enquiries and tracked the occupant down to another address out of the area. The CFI team acted quickly in engaging with occupant and instigating proceedings to recover the property, the occupant realised their position was untenable and signed the property back over to Thurrock. This enabled the property to enter the housing stock. This was not against the governments 'no eviction' policy as the property was voluntarily given back to the authority by the tenant after engagement with CFI.

## Operational Activity

### Insider Threats

The sad reality for any large organisation is the small minority of individuals who seek to take advantage of the trust their employer places in them. It is of some comfort that these cases are extremely rare but where fraud or corruption does occur, CFI has the expertise and experience to resolve any allegations swiftly and professionally reducing the potential impact on frontline service delivery. CFI works closely with business areas in each partner agency as well as its Executive and Human Resources teams in a collaborative approach.

#### Case Example

CFI have worked with a department within the council that identified a member of staff the management believed to be stealing fuel. The CFI team acted quickly and efficiently analysing the data recovered from the location software of the vehicles concerned and overlaid this with transactional data and CCTV recovery to enable officers, working with the police, to arrest and interview the suspect. Given the weight of evidence, the suspect admitted to the thefts and frauds and was dismissed from the council.

A temporary housing manager manipulated and created false documents to gain a friend a temporary housing solution. This was identified and the documents uploaded to gain the housing were analysed and through enquires with the companies quoted it was established by the team that these were fraudulent. Again, working with the police the suspect was arrested and interviewed, with him being dismissed after the interview

## Operational Activity

### Grant Fraud

#### Case Example

The CFI team were informed of an £80,000 payment that was made by the local authority on behalf of the Department of Business, Energy and Industrial Strategy. The team were able to identify the bank account the money was paid into and subsequently laundered onwards to from that account.

This identified a suspect in Scotland, which, alongside policing partners, became challenging in the middle of a pandemic. However, the team identified the address of the suspect and gained a search warrant for the address. This was executed and the suspect was arrested and interviewed by the team, after which, a case was presented to the Crown Prosecution Service for Money Laundering and a charge is expected imminently.

### Joint Working

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.

CFI's Criminal Intelligence Bureau works closely with law enforcement to develop intelligence that will assist in protection of the public. Over the last year **48 Alerts** and guidance notes were disseminated by CFI across all our local authority and public partner service areas.

The Criminal Intelligence Bureau has also disseminated **159 Intelligence Reports** to other agencies to assist with their criminal investigations.

CFI's specialist expertise has been used by other local authority services to protect the public including tactical support to other enforcement teams in Planning, Trading Standards and Housing to Human Resources, Procurement and ICT.

## Results

The Counter Fraud & Investigation team's work has been affected by C19 and as a result have seen a stark decline in referrals and the ability to conduct investigations in the normal crime areas. The CFI team enacted their own plans supported wider-council services who changed their normal operating models to support the vulnerable, identifying other areas of investigation/action that could assist in the fight against those committing crime during the pandemic.

In the early days of the pandemic, no staff were actively targeting crime in the traditional sense as home visits and interviews were suspended. This lead CFI to start Operation Alexis, which saw the CFI work 24 hours a day 7 days a week (shift rotas) patrolling high risk council buildings and or areas that were highlighted as being vulnerable by other council departments. In all, over 2000 checks were completed by the team with 55 unsecure premises calls being made ensuring council property was protected, even when empty.

During one night duty patrol (A13), officers from CFI, called on the police as they identified a driver who was driving dangerously and who they believed, was driving under the influence of alcohol. They followed the vehicle, keeping a safe distance themselves, into Kent before police officers stopped the vehicle and the suspect was arrested and prosecuted for drink driving.

The following gives results for the work CFI completed on behalf of Thurrock Council

- 302 reports of suspected fraud have been received
- 254 Investigations have been undertaken by CFI
- 203 Investigations were closed by CFI
- 51 active investigations are currently being conducted
- The value of open investigations is £719,050

Detected Fraud (prosecuted or awaiting judicial outcomes) can be seen in the table below:

Fraud Type	Number of cases	Value of Offences
Housing	8	£300,000
Social Care	1	£24,000
Money Laundering	1	£1,800,000
Right to Buy	1	£84,200
Grants	2	£90,000
Worker	7	£10,700
Total	20	£2,298,200

It is clear that the pandemic has reduced the normal levels of work that CFI would complete during a year, however that has not meant the CFI team haven't adapted in the fight against fraud. Due to the pandemic the government announced a number of grants that were to be administered by local authorities, these were collectively known as Business Support Grants (BSG).

The CFI team have worked closely with the Revenues team (those responsible for administering the grants) to complete pre and post assurance checks on all applications that were received.

The CFI have completed the following pre/post assurance checks

- 813 checks completed
- 61 applications refused
- 147 applications required further documentation
- 605 applications processed and paid

The preventative counter fraud work saw 61 grant applications investigated and stopped, saving approximately £600,000 of potential losses of public funds.

## Statistics

The following tables detail the investigations, sanctions and compliance activities completed by the team across partners for 2020/21. This year is starkly different to previous years due to the COVID19 pandemic and various lockdowns the team have worked under.

It is anticipated that figures will return to previously seen levels in 2021/22.

### Comparison to Previous Years

The table below shows the number of investigations completed year on year, over the last 5 years

Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Number of reports of Fraud	514	302	324	576	349	302

### Comparison to Previous Years (detected fraud)

The table below shows the detected fraud value year on year since the inception of the Counter Fraud & Investigation team.

Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Detected Fraud Value	£8,768,957	£6,958,808	£5,138,836	£5,497,805	£3,578,285	£2,298,200

The total value of fraud detected from April 2014 to March 2021 is **£35,880,818**, although this has not grown significantly, this was due to the pandemic and courts remaining open for emergency and high risk cases only, it is anticipated this will return to 'normal' levels in 2021/22.

## Delivery of the Proactive Work Plan 2020/21 (Thurrock Council)

Risk Area	Activity	When	Current Status	Responsible Officer
Council-wide	<p><b>Application of Counter Fraud Risk Analytics across the council's 10 threat areas.</b></p> <p>This work will commence with sampling exercises, fraud loss measurement programmes and testing of analytic tools across those high-risk areas.</p>	2021 – 2022	This system is now in place and the material can be uploaded to the system, which will in turn look for patterns of offending and any linked indices that will assist in identifying unknown fraud/criminality.	Michael Dineen
Council-wide	<p><b>Install improved Anti-Money Laundering (AML) controls at all of the council's Customer Contact Points.</b></p> <p>Fraud, Bribery, Corruption and Money Laundering are intrinsically linked by a common theme – persons and businesses being compromised by crime. That may be intentional or unintentional (e.g. stolen identities (unintentional) or fictitious businesses (intentional))</p>	June 2022 To May 2021	This has been completed however there is a cost implication to the platforms it is added to. This will be discussed with the appropriate strategic leads for final confirmation on which platforms this will run.	David Kleinberg
Revenues & Treasury	<p><b>COVID-19 Business Grants Counter Fraud Programme</b></p> <p>The council has awarded £19m of government grants to businesses during the COVID-19 pandemic. The team will be using the Counter Fraud tools provided by the Cabinet Office and commercial sector to assure the payment already made and prevent future frauds.</p>	June 2022 To May 2021	As reported in Q3 this is an ongoing piece of work but has currently saved approximately £300,000 in payments. The CFI will continue with this work when required.	Dave Nash
Council-wide	Renewed Education & Marketing Campaign for Countering Fraud, Bribery, Corruption and Money Laundering	March 2021	This unfortunately has been moved due to the restrictions placed on the service due to COVID-19. CFI are delivering training to officers but this is not as extensive as the initial planning intended.	Nicholas Coker

## Delivery of the Proactive Work Plan 2020/21 (Castle Point Council)

Risk Area	Activity	When	Current Status	Responsible Officer
<b>Council-wide</b>	Counter Fraud Training	December 2020	This training has been taking place during lockdown and will continue into the next years' work plan as this is ongoing education	Phil Butt
<b>Council-wide</b>	Review & Update Counter Fraud, Bribery and Corruption Guidance	Expected in year	Being presented for approval at AC	Michael Dineen
<b>Council-wide</b>	Review & Update Counter Money Laundering Policy	Expected in year	Being presented for approval at AC	Michael Dineen
<b>Council-wide</b>	Review & Update Whistleblowing Policy	Expected in year	Being presented for approval at AC	Michael Dineen
<b>Council-wide</b>	Create an NFI working group to maintain the council's proactive response to data matches.	From April 2020	NFI meetings now take place and the process is becoming smoother. This will in turn allow for more investigations to take place by CFI.	Nick Coker
<b>Council-wide</b>	Cyber-crime risk assessment across the council.	March 2021	This has been written and await confirmation from the new ICT supplier they are happy with this.	David Nash
<b>Council-wide</b>	Provide a Cyber Incident Response Policy	March 2021	This has been written and await confirmation from the new ICT supplier they are happy with this.	David Nash

<b>Council-wide</b>	Review the last 5 years of Right to Buy purchases against the restrictions in place.	March 2021	It was established that Land Registry place 'charges' on properties sold by the council in the appropriate way and therefore no anomalies were found.	Nick Coker
<b>Council-wide</b>	Review the last 5 years of successions against intelligence data.	March 2021	This work flow has been pushed to 2020/21 work plan due to the restrictions on visits to property. In 2020/21 this will be different and CFI will be looking to establish if any of the results create a fraud marker.	Nick Coker

# **Counter Fraud Strategy**

2021/22

## Our Fraud Control Strategy

Last year we installed our control strategy which defined how we would be working moving forward. This continues into 2021/22 and is an effective strategy to ensure all of our actions are considered and justified.

The Counter Fraud & Investigation team's work with the National Investigation Service 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

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</p>	June 2021 To May 2022		Phil Butt	
Council-wide	<p><b>Review all relevant policies concerning fraud aspects</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 22		Michael Dineen	
Revenues & Treasury	<p><b>COVID-19 Business Grants Counter Fraud Programme</b></p> <p>The council has awarded £19m of government grants to businesses during the COVID-19 pandemic. The team will be using the Counter Fraud tools provided by the Cabinet Office and commercial sector to assure the payment already made and prevent future frauds.</p> <p><i>(Continued from 2020/21 due to ongoing grants)</i></p>	June 2022 To May 2021		David Nash	
Council-wide	<p><b>Renewed Education &amp; Marketing Campaign for Countering Fraud, Housing Fraud, Insider Threats and Corruption</b></p>	Dec 2021		Nicholas Coker	
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 and ensure that our vision of protecting the public purse is adhered to by promoting this work.</p>	June 2022		Roger Noakes	