

**Public**  
**Key Decision - No**

## **HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** Review of Fraud Investigation Activity

**Meeting/Date:** Corporate Governance Committee- 13<sup>th</sup> July 2022

**Executive Portfolio:** Executive Councillor for Finance and Resources Services

**Report by:** Corporate Fraud Manager

**Ward(s) affected:** All

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### **Executive Summary:**

The Council's Anti-Fraud and Corruption Strategy sets out a requirement that a report shall be submitted on an annual basis to the Corporate Governance Committee detailing the work that has been undertaken by the Corporate Fraud Team (CFT).

During 2021/22 the CFT:

- Have continued to be seconded to help with the award of Business Grants.
- Involved in 9 separate Business grant schemes.
- Verified and checked businesses bank accounts and active status to determine eligibility to grant payments
- Assisted in the award of over £9 million pounds worth of grants over the last 12 months
- Investigated and assisted with the recovery of 6 Housing Association Properties.

### **Recommendation:**

The Corporate Governance Committee is invited to comment on the contents of this report which details the work that has been undertaken by the Corporate Fraud Team during 2021/2022.

## 1. PURPOSE OF THE REPORT

- 1.1 This report provides a summary of the activity of the Council's CFT in 2021/2022.

## 2. BACKGROUND

The CFT plays a key role in ensuring that the Council meets its requirements under the Anti-Fraud and Corruption Strategy (AFCS) 2018-2021 by providing a comprehensive fraud service across the whole of the Council. The AFCS sets out the requirement for the Corporate Leadership Team to approve an annual business plan that sets out the priorities for the team. The priorities are based on the level of risk facing specific service areas within HDC and the AFCS.

- 2.1 The team consists of a manager, an investigation officer and an intelligence / data analyst officer.
- 2.2 The CFT's main priorities again this year with the ongoing Coronavirus situation have been to help and support local businesses with the implementation and roll out of more grant schemes. To make sure that businesses and applicants passed the necessary government fraud pre payment checks and deliver the payments as quickly as possible to those qualifying businesses. The government over the last 12 months has brought out a number of additional grant schemes which HDC have delivered. The schemes have their own eligibility criteria which has made the delivery of these grants challenging for all involved. With each grant there has been guidance requiring checks to be carried out prior to payment to address the potential of fraud. It was therefore necessary to establish pre and post assurance plans to check claims for each grant.

## 3. ANALYSIS/WORK UNDERTAKEN

- 3.1

Grant Scheme	Number of Businesses	Total Value
LRSB (T2 Open)	27	£ 27,010.40
LRSB (T2 Closed)	2	£ 2,857.68
LRSB (T4)	57	£ 36,078.48
LRSB (Lockdown Payment)	63	£ 164,533.62
LRSB (44 Day Payment )	103	£ 274,529.04
Closed Business Lockdown Payment	66	£ 341,000.00
Restart	994	£ 7,559,395.00
Omicron Hospitality Leisure Grant	308	£ 1,055,392.00

Additional Grant	Restrictions	251	£502,000
Social Housing Properties recovered		6	£282,000

- 3.2 Each grant scheme has been date driven and has to be administered to guidance and strict timescales for payments to be issued by. This means a quick and reactive response by all individuals and teams involved to create and design the schemes, a truly collaborative piece of work.
- 3.3 The CFT undertook a variety of checks using tools made available from the Cabinet office (Spotlight) and the National Fraud Initiative. This enabled the team to verify that limited companies/ charities and some sole traders were active by performing checks using Spotlight. As well as this, Spotlight also launched a bank verification tool in Jan 2022 which returned results in real-time, a significant improvement to the time taken by the NFI. Prior to this all bank verification checks were conducted by using the National Fraud Initiative which confirms that a bank account is associated with that company or individual. For sole traders who could not be verified via Spotlight, checks also involved looking for an online presence as well as checking the insolvency register for the trading name and person name as well as examining bank statements. For some grants an accountant or bookkeeper's letter was required which involved the CFT checking that accountants or bookkeepers were qualified by seeing actual qualifications or verifying membership to one of the professional bodies.
- 3.4 The CFT has been liaising with the National Anti-Fraud Network who advise all local authorities on known fraudulent claims and attempts to claim the grants. NAFN have kept HDC and all other LA's up to date with National Alerts regarding attempted Frauds in the grant area. We have received a number of alerts identifying bank accounts that are being used for fraudulent activities and we have implemented a checking process, so no payments were made to any of these accounts and also no applications with these account details were passed through for payment. The NAFN alerts have also included fraudulent email addresses that have been used by fraudsters making multiple applications to a number of local authorities. As a result of the alerts and our stringent checking process we have been able to identify and extract any dubious grant applications.
- 3.5 In addition to the main business grant schemes, Economic Development also implemented two separate schemes and the CFT provided them with detailed advice regarding pre and post assurance fraud checks including some actual checks were the scheme administrator was unable to complete these on their behalf.
- 3.6 For a period of around 4-5months when previous grant schemes ended and before the Omicron schemes commenced the CFT concentrated on reviewing cases and rebuilding working relationships with our Social Housing Providers many of whom have had staff changes and also been unable to conduct visits to their tenants due to Covid restrictions. The CFT has worked closely with Chorus Homes our biggest Social Housing Provider in the district and to the end of March 2022, has been involved in a number of investigations relating to either potential sub-letting or abandonment of properties. The CFT involvement in these cases has helped to recover 6 properties and resulted in a case approved for prosecution for illegal sub-letting under the Prevention of Social Housing Fraud Act 2013. The result of this action means six families have been able to be housed and people that either do not need or have been taking advantage of

Social housing and making a profit from renting out their Social Housing property have been stopped. The CFT has also helped to educate new Chorus Housing officers in ways of approaching this type of potential fraud and what to look out for resulting in an increase of direct referrals and a faster more streamlined approach with joint visits being arranged, a better channel of communication and overall collaborative approach.

- 3.7 The CFT are also engaging with other Social Housing providers in the district to set up similar investigation agreements to tackle potential tenancy fraud issues within their housing stock.
- 3.8 The CFT acts as the Single Point of Contact (SPOC) providing the DWP with information regarding Housing Benefit claims. However due to DWP colleagues being seconded to other departments to assist in the high level of Universal Credit applications that were made in the pandemic they are still only slowly returning to their roles so hence these requests have only just recommenced.
- 3.9 Part of the role of the CFT is to assist other departments in the Council and this last year the CFT have had significant involvement with the Housing Department. This has mainly involved applications for Housing where the case officer has been unhappy with information provided by the applicant or there appears to be gaps in information provided or a lack of address history. The CFT have assisted by conducting additional checks on people and addresses.
- 3.10 The Corporate Fraud Manager is the Council's Coordinating Officer for the Regulatory Investigatory Powers Act which deals with Directed Surveillance and Communications Data requests. It is a requirement of the Council's Covert Surveillance (RIPA) Policy and Procedure that a report is made annually to CGC on any activity undertaken in line with the policy. In 2021/2022 HDC made one application for Directed Surveillance, this was for a fly tipping matter.

#### **4. KEY IMPACTS / RISKS**

- 4.1 The pandemic had a significant impact on Council priorities over the past year. This led to the focus of the CFT being re-directed from normal investigation work to playing a vital role in verifying business grant applications to ensure that payments were made correctly to support local businesses but applying a proportionate level of checks to protect the public purse from fraudulent applications.
- 4.2 Diverting effort and resource to support the business grant process has meant there was no or little resource available to deal with any other type of investigation work during most of this year. However, the referrals that were received have been reviewed and where appropriate the necessary action has been taken.

#### **5. WHAT ACTIONS WILL BE TAKEN**

- 5.1 With the announcement of the £150.00 Energy rebate Scheme this has again meant the CFT has been involved in the planning and implementation of this scheme and the Discretionary one to come later this year. With new schemes being announced we can only be reactive to the Councils and residents needs and priorities due to the size of the team. However, the CFT will also engage with services across the Council to understand any additional risks and potential opportunities for obtaining services fraudulently that may have occurred during

the pandemic in order to provide support on reducing those risks and carrying out investigations where appropriate.

- 5.2 A review of casework has been undertaken and depending on how the EBR scheme goes and if any further schemes are announced will determine the level of normal fraud investigation work undertaken for the coming financial year.
- 5.3 The CFT will continue to work with our Local Housing Providers to build strong relationships that will combat tenancy fraud in the district.

## **6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND / OR CORPORATE OBJECTIVES**

- 6.1 Strategic priority: Becoming a more efficient and effective Council.

## **7. REASONS FOR THE RECOMMENDED DECISIONS**

- 7.1 The Anti-Fraud and Corruption Strategy sets out a requirement for an annual report to be submitted to the Corporate Governance Committee on the work of the Corporate Fraud Team during the previous financial year.

## **BACKGROUND PAPERS**

CIPFA Fraud and Corruption Tracker Summary Report 2020

<https://www.cipfa.org/services/counterfraudcentre/fraud-and-corruption-tracker>

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