



Borough of Telford and Wrekin

Audit Committee

Wednesday 29 May 2024

2023/24 Anti-Fraud & Corruption Annual Report

Cabinet Member:	Cllr Nathan England - Cabinet Member: Finance, Customer Services & Governance	
Lead Director:	Anthea Lowe - Director: Policy & Governance	
Service Area:	Policy & Governance	
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Wards Affected:	All Wards	
Key Decision:	Not Key Decision	
Forward Plan:	Not Applicable	
Report considered by:	Senior Management Team – 14 May 2024 Audit Committee – 29 May 2024	

1.0 Recommendations for decision/noting:

It is recommended that the Audit Committee:

- 1.1 Note the 2023/24 Annual Report on Corporate Anti-Fraud and Corruption activity.

2.0 Purpose of Report

- 2.1 The purpose of the report is for the Audit Committee to consider the 2023/24 Annual Report on Corporate Anti-Fraud and Corruption activity.

3.0 Background

3.1 INFORMATION – ANNUAL REPORT 2023/24

- 3.2 The Anti-Fraud and Corruption Report and Policy supports one of the key elements of good corporate governance – Standards of Conduct. The Council aims to ensure that all those associated with it maintain high standards of ethics and conduct in public life.
- 3.3 It is extremely difficult to put a figure on the true cost of fraud. However, the government’s National Fraud Authority recently estimated that fraud costs the public sector approximately £38 billion each year. Between 0.5-5% of public spend is lost to fraud and error. 40% of crime in the UK is believed to be fraud related. However, a recent report in the House of Lords outlined that only 1% of policing is focused on tackling economic crime. In many organisations fraud goes undetected. The potential loss to fraud and error at every local authority can be significant.
- 3.4 Every pound lost to fraud is a pound that cannot be spent on providing services to the community. With the continued pressure on public finances, it is more important than ever that the Council is focused on preventing fraud from occurring and investigating and pursuing any potential fraud identified.
- 3.5 This report contains information for 2023/24 on counter fraud and investigation activities within Telford & Wrekin Council, driven by the Investigation Team along with Internal Audit and IDT and the work that other enforcement teams undertake in tackling certain types of fraud within our communities.
- 3.6 The committee should note that when the Investigation Team refer to the term fraud it also includes associated offences such as theft, bribery, corruption, money laundering and other financial irregularity, which are all matters that the Investigation Team will investigate.
- 3.7 The Council’s procedures and controls are designed to minimise the opportunity for fraud occurring and to highlight areas where there may be a greater risk of possible fraudulent activity. However, these controls need to be continually reviewed and assessed as the fraud landscape changes. Work undertaken by the Council teams in fighting fraud and theft is not just about the savings realised, fraud prevention is equally if not more important.

4.0 TRANSPARENCY CODE REQUIREMENTS

- 4.1 The Local Government Transparency Code requires the Council to publish data regarding its fraud arrangements as shown in the table below.

	Requirement Description	T&W Arrangements
1	Number of occasions the Council have used the powers under the	The Council does not have social housing and therefore

	Prevention of Social Housing Fraud Regulations 2014 or similar powers.	these powers have not been used in the last 12 months.
2	Number (absolute and FTE) of employees undertaking investigations and prosecutions of fraud	<p>Currently there is 1 Senior Investigation Officer and 1 Assistant Investigation Officer working in the Investigation Team. This equates to 2 FTE officers undertaking investigations into fraud, theft and other irregularity along with introducing preventative measures to combat fraud, providing training, writing policies and risk assessments.</p> <p>Other Council services undertake fraud prevention activity for example Internal Audit, Public Protection and IDT. These tasks form an ancillary part of an officer's job role and therefore it would be difficult to identify what proportion of their role would be taken up undertaking fraud related work.</p>
3	Number (absolute and FTE) of professionally accredited counter fraud specialists	Currently 2 Accredited Counter Fraud Specialists work in the Investigation Team.
4	Total amount spent by the authority on the investigation and prosecution of fraud	<p>The cost of the Investigation Team for 2023/24 was £121,017.53 including all investigation costs. Although £36,827 of this cost relates to supplier and support service costs such as contributions to centralised services such as HR and IDT.</p> <p>As stated on point 2 above, other areas of the Council undertake investigations but it is difficult to attribute a cost to this as costs are consumed in overall budgets for each service.</p>

5	Total number of fraud cases investigated	See case investigation data in this report.
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5.0 THE INVESTIGATION TEAM

- 5.1 The Investigation Team, within Audit and Governance, has responsibility for investigating fraud, theft, irregularity, bribery and corruption across the authority. The team are also responsible for introducing measures to help prevent the risk of fraud, irregularity, bribery and corruption. This includes, maintaining the fraud risk register, training staff, providing advice and guidance to service areas on all aspects of fraud prevention, issuing of fraud alerts and producing the relevant policies relating to fraud theft and irregularity. The team works closely with Internal Audit to mitigate fraud risks to the Council.
- 5.2 The Investigation Team also support the Council’s Money Laundering Reporting Officer (MLRO) in their role. Initial Suspicious Activity Reports are screened and interrogated by the team before being passed to the MLRO.
- 5.3 The team also maintain the Speak Up (Whistleblowing) Policy and associated reporting.
- 5.4 Prevention is the most effective way of combating fraud and the team look at ways that each service area can reduce their risk of fraud. However, there will always be instances where fraud occurs and needs to be investigated. A high proportion of the team’s investigation work comes from investigating matters affecting the Revenues Service. However, as a result of the team’s hard work in helping service areas understand their fraud risks, an increasing amount of work comes from a wide range of service areas throughout the Council.
- 5.5 A number of complex investigations have been undertaken in 2023/24. Some of these are continuing into the next financial year.
- 5.6 Each individual investigation that the team have looked into cannot not be reported in detail in this report due to the sheer number of investigations that the team have undertaken, although certain significant activity undertaken by the team is referred to below.
- 5.7 A complex investigation is currently being conducted which cannot be reported on fully at this point as it is a live criminal case and will continue into 2024/25 financial year.
- 5.8 The team have undertaken a significant amount of work with My Options and the Home Office in helping prevent employment fraud using sponsorship visas.
- 5.9 Considerable work has been undertaken in assisting Children’s services with incorrectly used direct payments. This work has assisted in reclaiming funds and supported changes in process which has reduced the opportunity for misuse of direct payments moving forward.

5.10 The Investigation Team have now started joint working with the Department for Work and Pensions (DWP) where there are matters of Council Tax Support fraud and fraud related to other relevant DWP benefits. Historically, there was a close working relationship between the two organisations for nearly two decades but this stopped in 2016 with the advent of the Single Fraud Investigation Service and the jurisdiction for investigating Housing Benefit moving to the DWP. However, this new process will ensure that the totality of fraud will be investigated in more serious Council Tax Support fraud matters. A number of joint investigations have commenced in 2023/24 and are continuing into the next financial year.

5.11 Investigation work undertaken in 2023/24

5.11.1 The Investigation Team concluded 147 investigations in 2023/24 with 83 having a positive outcome. This figure does not include 47 open investigations which have been carried over into the next financial year.

5.11.2 Direct/notional financial outcomes as a result of the Investigation Team’s work is detailed below:

Area	Financial Outcome
Revenues Investigations	£82,744
Housing Benefit as result of Revenues investigation	£8,774
Corporate fraud (covering an area across the council)	£73,115
Managing the National Fraud Initiative	£178,533
Fraud identified in current ongoing investigations (pending)	£56,000
TOTAL	£399,166

5.12 Preventative work undertaken by the Investigation Team in 2023/24

5.12.1 There is no way of accurately measuring the consequential effects and indirect savings that occur due to the team’s prevention work. If this work was not undertaken then the loss to the authority would potentially increase year on year. In addition, if potential fraudsters are aware that the authority have an Investigation Team that undertakes work into all aspects of fraud against the authority, then they will be less likely to attempt to commit acts of fraud than they would if there was no team in place.

5.12.2 The Investigation Team’s proactive work in 2023/24 includes:

- Maintaining and updating the fraud risk register which helps identify risks across all service areas and what preventative measures are in place to guard against these risks.
- Providing face to face induction training for new starters. In 2023/24 the team provided induction training to over 150 new starters.

- Providing regular fraud alerts across the authority and to specific service areas based on current local and national fraud risks and trends. The Investigation Team issued 7 National Fraud Alerts to relevant services areas.
- Providing fraud training to service areas when requested along with updating the online anti-fraud training modules.
- The Investigation Team attended a number of team meetings to offer training to staff, including Children's services to discuss misuse of direct payments.
- Providing recommendations to service areas following fraud investigations
- Working closely with the Internal Audit Team to recognise fraud risks, gaps in processes and understanding in service areas and training needs
- Providing fraud and theft advice to areas when service areas are implementing new policies and procedures
- Offering advice to employees on any aspect of fraud, theft, bribery and corruption.
- Working closely with the Council's Infrastructure Security Specialist on fraud prevention matters relating to cyber-attacks.

5.12.3 These preventative measures that the team have helped put in place across the Council, along with the training, advice and guidance continues to be key in preventing fraud from occurring, reducing the risk to fraud and ultimately saving the Council money.

6.0 INTERNAL AUDIT

- 6.1 Internal Audit has a preventative role in ensuring that adequate systems, controls and procedures are in place to prevent and deter fraud, bribery and corruption. They assist managers in ensuring they have appropriate systems and controls in place that are designed to prevent or reduce the opportunity for fraud. Their annual audit plan includes spot checks and unannounced visits to assist in the detection and prevention of fraud.
- 6.2 All audit assignments have a standard fraud working paper which is used to measure the auditees understanding of fraud in their area, the findings are then forwarded to the Investigation Team to undertake further checks or training.
- 6.3 The Internal Audit Team and the Investigation Team work collaboratively to share information which informs both the audit plan and the work of the Investigation Team.
- 6.4 Internal Audit also provides ongoing advice and guidance to managers to assist them in the prevention of fraudulent activity.
- 6.5 Internal Audit adheres to the Public Sector Internal Audit Standards (PSIAS) which defines their role with regard to fraud prevention, specifically points 1210.A2, 2120.A2 and 2210.A2.

7.0 BENEFITS SERVICE

- 7.1 The Housing Benefit and Council Tax Reduction caseload has decreased over the last 12 months, from 14,839 (live cases) at 31 March 2023 to 14,709 as at 31 March 2024. The government's welfare reforms and the introduction of Full Service Universal Credit since 14 November 2018 are the main factors for this. Nearly all those entitled to Universal Credit are no longer eligible for Housing Benefit resulting in their claims being cancelled. The Council however retains responsibility for Council Tax Reduction and Housing Benefit for pensioners, Council provided temporary accommodation and supported accommodation. The latter is a complex area that has an ever-increasing demand on the service.
- 7.2 Telford & Wrekin Council initially signed up to the Department of Work and Pensions (DWP) new Housing Benefit Award Accuracy Initiative from October 2021. From 2022/23 the initiative became mandatory. The initiative involves completing Housing Benefit Matching Service (HBMS) matches on cases where DWP data does not match local authority data and undertaking full case reviews on customer's circumstances based on a risk list provided by DWP. A total of 1,157 reviews and 177 HBMS data matches were completed in 2023/24.
- 7.3 The Benefits Team continues to review changes in earnings and occupational pensions received from the Department for Work and Pensions via their Verification of Earnings and Pensions (VEP) alerts. These alerts notify us when there may have been a change in the customer's earnings or pension. The Benefits Team have also reviewed cases as part of the government's National Fraud Initiative.
- 7.4 The DWP continue to provide a wealth of data and the Council obtains the majority of change of circumstances via their daily downloads and data matches. However, it still remains the customer's responsibility to notify us of any changes. Below is a table detailing the intervention work undertaken within the Benefits Service.

Number of Verification of Earnings and Pensions Undertaken	926
Number of Reviews Undertaken (including those outside of the Housing Benefit Award Accuracy Initiative)	1,176
Projected Annual Council Tax Reduction Saving	£60,349.12
Overpaid Housing Benefit	£103,101.34

8.0 CYBER FRAUD

- 8.1 As a Council we have numerous technical controls in place to counter or prevent cyber fraud such as email security gateways and antivirus products. These help to prevent or mitigate malicious activity from 'actors' such as crime groups who use techniques such as phishing or ransomware to conduct criminal activity in an attempt to encrypt, disrupt or steal and leak data with the intent of getting a payment.

- 8.2 The Council has not experienced any successful cyber attack in 2023/24. The Council continues to develop its technical defences to help prevent cyber attacks.
- 8.3 During 2023/24 a large number of threats were identified including malicious emails, phishing, malware ,etc and stopped by the Council's IT defences.

9.0 FIGHTING FRAUD IN THE COMMUNITY

9.1 The Investigation Team has a close working relationship with West Mercia Police Intelligence Team. A Service Level Agreement (SLA) exists which facilitates the sharing of data for the prevention and detection of crime. This was updated in 2023/24. The team assist the Police on a regular basis in a variety of matters under this agreement. This is an important partnership in helping the fight against crime in the local community, some of which will include matters of fraud and theft that fall under the Police's jurisdiction. West Mercia Police have stated that this information sharing is invaluable and saves thousands of pounds each year. On occasions, information received from the Police may lead to investigations being conducted by the Investigation Team which otherwise may have not taken place. In 2023/24, the team processed over 300 enquiries to support West Mercia Police under this agreement. This is a great example of a joined-up approach to tackle crime in the local community.

9.2.1 The Public Protection Service (which includes Trading Standards, Licensing, Night-Time Economy) The Health Protection Hub and Private Sector Housing, play a significant role in delivering the Council's response to business and individual fraud in the borough. The majority of the responses are based around statutory responsibilities refined to provide effective detection and countermeasures in respect to fraud. These services are not restricted as to whom its officers may investigate and are constrained only by the limitations of the statute under which an investigation is being conducted. Public Protection Services actively engage in the Multi Agency Targeted Enforcement (MATES) across a wide variety of settings and support the wider serious and organised crime agenda.

9.2.2 All teams, through the course of their routine work, may come across irregularities. Where these irregularities are outside Public Protection's remit these are referred to agencies such as UK Border Force, Driving & Vehicle Licensing Agency, HM Revenues & Customs, Insurance Fraud Bureau, Police and internal service areas such as the Investigation Team and Revenues and Benefits Service.

9.3.1 Health Protection

9.3.1 Fraud can occur in a number of areas that the Health Protection team covers. The prevention and detection of unfit and debased food through inspection, sampling and intelligence is part of the team's role. Members of the public can now use an online portal to report any concerns that they may have.

9.3.2 In 2023/24 the Food Health & Safety Team from Health Protection undertook a project to look at imported foods sold at targeted premises across the borough.

The project included, a multiagency roadside vehicle stop and check that targeted food vehicles, inspection of businesses, sampling of imported rice from India and Pakistan and non UK grown tomatoes to look for pesticides. Additionally the rice samples were also analysed for aflatoxin and ochratoxin. Samples of turmeric were also obtained to look at the lead levels within the food.

- 9.3.3 Fraudulent use of health and identification marks is another area that the team investigate. All approved premises within the borough are checked to ensure they are applying the health mark appropriately when they are inspected. Inspectors will routinely check for health marks on animal products in retail establishments.

9.4 Licensing and Night-time Economy Service

- 9.4.1 Within the Licensing Service there are a number of areas of fraud that are investigated in addition to their other duties. These are listed below:

- Street trader consents - Prevention and detection of the illegal and highly lucrative transfer of street trader consents.
- Taxi licensing - Ensuring the vehicles are correctly insured and licensed and driven by the licensed driver.
- Scrap metal licensing - Joint working with police to detect illegal trading in stolen vehicles, other stolen metal items such as copper cabling, lead and catalytic convertors.
- Street collections, charity collections - Identification, detection and enforcement of fraudulent collections

9.5 Trading Standards Service

- 9.5.1 The Trading Standards Service use specific legislation to help tackle fraud across the borough. This includes:

- Intellectual property crime – covering copyright, trademarks
- Consumer protection from Unfair Trading legislation -. This legislation covers a wide range of goods and services including house purchases, animals, vehicles, food & drink and all personal and professional services.
- Cattle identification legislation - To prevent fraudulent transfer to limit disease spread.
- Weights and Measures - Misrepresentation of quantity or measure of goods supplied.
- Fraudulent trading and money laundering.

- 9.5.2 Trading Standards receives intelligence about rogue trader activities in Telford and Wrekin and deals with complaints about fraudsters that specifically target vulnerable and older people, where the trader carries out unnecessary or misrepresented home improvement work and as a result defrauds an individual out of thousands of pounds.

- 9.5.3 The service continues to educate, inform and protect our residents of the many forms of financial abuse and scams. The service has a dedicated Public Protection Facebook page and twitter feed to ensure we get maximum coverage and allow

information to be shared easily and quickly. It has also piloted a project to assist repeat victims of scams and is working closely with West Mercia Economic Crime Unit to develop a multi-agency approach to fraud.

- 9.5.4 Trading Standards prioritise work around illicit tobacco and nicotine inhaling products and work closely with West Mercia Police, other agencies and local authorities sharing intelligence, carrying out multi agency targeted enforcement operations focussed on the supply of illicit products.

10.0 PUBLICITY

- 10.1 Publicity of fraud cases is important as a deterrent. The Investigation Team and other enforcement teams use Corporate Communications to issue press releases and social media to alert the public and inform businesses about relevant campaigns, interventions and prosecutions. The press releases are also published on the Council's website.
- 10.2 When any significant investigation occurs then the relevant Director and Cabinet Member are briefed accordingly. Any lessons learnt are shared within the relevant members of staff and recommendations put forward to help prevent such matters occurring again.
- 10.3 Where allegations of internal frauds have been investigated and procedures and controls are changed the lessons learnt are shared across the Council through the staff news, bulletins and in management meetings.

11. TRAINING AND AWARENESS

- 11.1 The Council ensures that both members and officers are aware of their responsibilities in respect to the Council's Anti-Fraud and Corruption Policy. This is achieved through a variety of measures including:
- New starters receiving a face to face induction program which includes training from the Investigation Team every quarter.
 - Online training courses being available for all staff on fraud, theft, bribery, cyber security/fraud and corruption along with money laundering
 - The Investigation Team attending service area team meetings when a need is identified or when requested, to discuss prevention and detection of fraud, theft, bribery and corruption.
 - The Investigation Team providing specific training to services areas when the need arises.
 - Regular fraud awareness being provided through corporate communication channels and staff news
 - Regular fraud/theft alerts being sent to affected service areas which helps increase staff awareness.
 - Copies of all relevant policies, such as the Fraud Response Plan the Whistleblowing Policy and any other relevant policy being available on the intranet.

- Guidance being provided by Internal Audit when work is undertaken in a service area.
- Regular cyber threat alerts being issued by IDT.

12.0 CHALLENGES FOR 2024/25

12.1 The threat of fraud against the authority is huge and continues to grow. The Council's response to the threat of fraud cannot just be reactive, steps to prevent fraud risks need to/will continue. Although driven by the Investigation Team, this needs to be built into the culture of the Council. Every £1 lost to fraud is a £1 that cannot be spent on the local community.

12.2 The main challenge for 2024/25 continues to be the financial constraints the authority is facing which challenges resource levels across the Council.

13.0 Summary of main proposals

13.1 It is proposed that the Audit Committee note the contents of this report.

14.0 Alternative Options

14.1 There are no alternative options.

15.0 Key Risks

15.1 All aspects of the Investigation Teams work supports managers and the Council to identify and manage their information risks and opportunities.

16.0 Council Priorities

16.1 The policy supports all corporate priorities and good corporate governance demonstrating the Council's desire to ensure sound conduct and ethical procedures for all those associated with the Council and its service delivery. Monitoring the policy provides the opportunity to identify if there are any changes required or additional areas of activity.

17.0 Financial Implications

17.1 Costs associated with the anti-fraud and corruption work outlined in this report are met from the Council's base budget.

18.0 Legal and HR Implications

18.1 The Accounts and Audit Regulations 2011 require the Council to ensure 'that the financial management of the body is adequate and effective and that the body has a sound system of internal control'. The anti-fraud documents help to fulfil this requirement.

The Council will have full regard to relevant legislative requirements, including without limitation:

- The Fraud Act 2006
- Theft Act 1968
- Bribery Act 2010
- Section 151 Local Government Act 1972
- Section 5 Local Government & Housing Act 1989
- Contracts Regulations 2015
- Accounts and Audit Regulations 2011
- The Council Tax Reduction Schemes (Detection and Enforcement) (England) Regulations 2013
- Local Government Finance Act 1988
- Regulation of Investigatory Powers Act 2000
- Terrorism Act 2006
- Proceeds of Crime Act 2002
- Police and Criminal Evidence Act 1984
- Companies Act 2006
- Localism Act 2011
- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

19.0 Ward Implications

19.1 Borough wide implications.

20.0 Health, Social and Economic Implications

20.1 There are no Health, Social and Economic Implications arising from this report.

21.0 Equality and Diversity Implications

21.1 The Anti-Fraud & Corruption policy operates within Equalities legislation and the Council's associated policies. Any investigations follow legal requirements and proper procedures to ensure that equality and diversity requirements are met.

22.0 Climate Change and Environmental Implications

22.1 All members of the Investigation Team are environmentally aware and if any issues were identified they would be notified to the appropriate manager.

23.0 Background Papers

- 1 Corporate Anti-Fraud & Corruption Policy 23/24
- 2 Cabinet Office requirements for the NFI
- 3 Trading Standards and Licensing Legislation

24.0 Appendices

None.

25.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	03/05/2024	08/05/2024	AEM
Legal	03/05/2024	15/05/2024	SH