

# City of Doncaster Council Preventing and Detecting Fraud and Error Report

**October 2022 to September 2023**



## **PROTECTING ITSELF AND ITS RESIDENTS**

*Recognising the harm that fraud can cause in the community.  
Protecting itself and its' residents from fraud.*

# Fraud and Error Prevention



City of Doncaster Council is committed to protecting the public purse and preventing (and detecting) fraud and corruption against public monies. Unfortunately, fraudsters have other ideas and are continually searching for new opportunities to exploit for their own ends.

The continuing increases in the cost of living, have the effect of increasing the risk of fraud throughout the UK whilst at the same time, the spending power of local authorities continues to fall making it harder

to maintain anti-fraud controls at a time when councils need it most. At Doncaster we take our responsibilities seriously to protect taxpayers' monies and vital council services.

This report documents the Council's activities in respect of fraud prevention, detection and pursuit and reports on both proactive counter fraud work and responsive investigative work. Our strategy in this respect is documented in the Council's Anti-Fraud and Corruption Framework which is available on the Council's internet site at <http://www.doncaster.gov.uk>.

## **Our Counter Fraud Set up**

The investigation of fraud within the Council is de-centralised. Most investigative work is carried out by Internal Audit Services, with additional investigative work being undertaken within Parking Enforcement (in respect of Blue Badge fraud) and within Revenues and Benefits (in respect of Council Tax and occasionally Business Rates frauds). This is in addition to work completed by our Trading Standards service.

Information within this report (along with the information above), is required to be published under the Government's Transparency Agenda and this report is published alongside the required statistics on the number of individuals and full-time equivalent employees that are involved with fraud investigation (this information is available on the Council's website by searching for "Transparency").

## **The Overall Picture**

The Council remains exposed to fraud risks but is consciously aware of them and their effects and takes proactive steps to prevent and detect fraud across the Council.

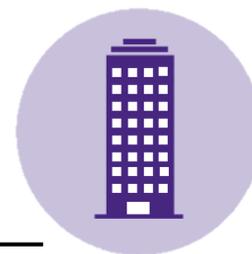
The overall level of fraud experienced by the Council remains low for a council of this size with a proactive approach being taken to manage risks as they arise. Our arrangements have continued to operate well, throughout the period.

Because each of our activities is different, consolidating everything into one set of figures is not appropriate. Instead, key statistic boxes against all activities give information on the success (and context) of each of our activities individually.

The remainder of this report documents our counter fraud and investigative activities for the period 1<sup>st</sup> October 2022 to 30<sup>th</sup> September 2023. This reporting period aligns with that of the National Fraud Initiative.

# Counter Fraud Activity – Govern

Key to the overall success of counter / anti-fraud agenda in the Council (and any other body) is support from those charged with Governance. Ensuring that there is strategic direction and a counter fraud culture embedded across the Council is key to ensuring that we deliver on our objectives.



## Policies and Strategies



Beating fraud is everyone's business and it takes a co-ordinated approach at all levels to tackle fraud and corruption. The *'tone from the top'* is set out in our Anti-Fraud Bribery and Corruption Framework.

This document contains the Council's policy, strategy, and plan to combat fraud. It aligns directly with the Fighting Fraud and Corruption Locally Strategy for Local Government 2020. This document will be refreshed in the next financial year due to some upcoming legislative changes. The Council continues to be proactive in monitoring changes that may impact our work (whether they are new risks or new legislations). A revised framework is anticipated to launch the

2024/25 new financial year (subject to the timing of the law changes).

## The Counter Fraud Response

Counter fraud work is de-centralised in Doncaster Council and different departments are responsible for investigating and preventing fraud in some fraud risk areas. These departments are:

- Revenues and Benefits – responsible for the detecting and investigation of Council Tax frauds and for working with the Department for Work and Pensions on joint Housing Benefit fraud investigations.
- Parking Enforcement – responsible for the detection and investigation of blue badge and permit parking frauds.
- Trading Standards – responsible for the enforcement of a wide range of legislation to ensure that Doncaster has a fair, responsible and safe competitive trading environment that supports both consumers and businesses.
- Internal Audit – maintain the Council's central counter fraud governance arrangements (the Anti-Fraud, Bribery and Corruption Framework and Money Laundering Polices), fraud risk management, fraud reporting and the prevention, detection, and investigation of other frauds against the Council whether committed internally or externally. They are also responsible for liaison with the Police (where appropriate) on fraud issues.



# The Counter Fraud Plan



Work on counter fraud in Internal Audit is summarised in the Counter Fraud Plan and this contains all our fraud specific activities to raise awareness of fraud, develop fraud governance arrangements, detect fraud and investigate fraud.

It is approved by Audit Committee and was approved in April 2023 for the 2023/24 financial year. We report on the results of our preventative, detective, and investigative work annually in this report covering the period to the end of September. This reporting window has been adopted because this is the investigative and reporting timescale set by the National Fraud Initiative, one of our major pieces of work for the year.

Our Counter Fraud Activity Plan covers a whole range of activity including:

- Work on key governance strategies that have an impact on fraud.
- Training and awareness activities for staff and elected members.
- Fraud awareness week materials for members of the public.
- Proactive data matching initiatives to detect fraud and error in our activities.
- Participation in national fraud detection initiatives and work with our partners across local and central government
- The reactive investigation of suspected fraud and corruption and the prosecution of it (working collaboratively with the Police and / or Legal Services).

Our plan is flexible and reactive and is based on our assessment of fraud risks. These are updated regularly, and new risks added as they are found.

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## Partnerships

The responsibility for the management of our Housing Stock lies with St Leger Homes of Doncaster Ltd, who are responsible for (and do) investigate fraud in their area. Their internal audit resource is provided by Doncaster Council's Internal Audit Service, and we work jointly to cover social housing and right to buy fraud investigations providing counter fraud support where necessary. Where appropriate, their results are also included in this report.

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## Fraud Awareness Training



We have continued throughout the year with our training arrangements for anti-money laundering and anti-fraud, including delivery of anti-fraud training to our partners at St Leger Homes.

Our anti-fraud training will be refreshed in the coming year to reflect upcoming changes to the law and will be relaunched to coincide with the relaunch of a revised Anti-Fraud, Bribery and Corruption Framework.

# Counter Fraud Activity – Acknowledge

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The shape and activities of the Council are constantly changing to keep pace with the changes in economy, society and political environmental within the UK. These changes represent risk both in terms of business risks and in fraud risks that must be considered to effectively tackle fraud and corruption.



## Fraud Risks

The Council has a Fraud Risk Register. This is a very comprehensive list of fraud risks containing 24 different fraud risks covering things like employee fraud, grant fraud, procurement fraud and bribery and corruption risks. This register helps us to plan our counter fraud activity and map our coverage of fraud risks between our own Counter Fraud Plan and the work of partner and outside agencies. In this way we make sure that our resources are targeted at the highest risk areas and that there are no high-risk exposures that have no coverage.



We constantly review and update the register. We also work collaboratively with local and central government to look at fraud trends and develop new strategies to combat fraud and corruption in the sector.

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## Counter Fraud and Investigative Resources



The investigation of Council Tax fraud and blue badge / parking frauds are dealt with as part of normal everyday activities by the Revenues team and Parking Enforcement teams, respectively.

The audit based Counter Fraud Plan deals with all remaining fraud and counter fraud issues, containing approximately 300 days of work on the activities outlined in the previous section.

The Counter Fraud Plan is led by the Internal Audit Manager who works to the Governments Counter Fraud Professional Standards. She has significant experience of counter fraud and investigative practice having worked on fraud and counter fraud for over 15 years and also supports our partner organisation, St Leger Homes Ltd, ensuring a joined-up approach on both.

Additional counter fraud support is provided by the Internal Audit Team working under direction as needed.

# Counter Fraud Activity – Prevent

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The prevent elements of our strategy relate, as it suggests, to preventing fraud and corruption. It links heavily with both the Govern and Acknowledge aspects of the anti-fraud agenda. Prevent is about preventing fraud through robust governance policies, procedures, internal controls and in the use of technology and inbuilt processes to prevent fraud from occurring in the first place.



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## Internal Controls



The responsibility to design effective policies, procedures and internal controls (controls that prevent frauds and errors from occurring), lies with service managers throughout the Council. However, they need support in this as it would be unreasonable to expect everyone to be a counter fraud professional.

Internal Audit provides advice to departments and managers setting up or changing their processes so that developed internal control frameworks, policies and procedures are robust and effective. Where the need is more specific and relates to counter fraud controls or investigative advice, this is dealt with by those in audit undertaking the counter fraud work.

We look out for anti-fraud controls that can be improved when we undertake routine internal audits across the Council and make recommendations to improve them as we find them with specific counter fraud audits being targeted at higher risk areas or areas with new or developing risks.

As part of the Counter Fraud Plan, we also target the review of key anti-fraud controls and fraud governance mechanisms such as the Declaration of Interest and Declarations of Gifts processes. We also give advice and correctional support to areas that have been hit by fraud to attempt to improve the controls in place to prevent and detect further frauds.

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## The Use of Technology

Technology is a double-edged sword. It gives us both opportunities to prevent and detect fraud and exposes us to new fraud risks. As a data driven council, we are investing more and more in data and data analysis to drive our decisions, and this equally applies to the counter fraud agenda.



We use internal data matching to bring together data sets across the council to detect fraud and error and we actively participate in Government and National Fraud Initiative pilot schemes to increase the range of data matching opportunities.

# Counter Fraud Activity –Pursue

Pursuing suspected fraud and error is a substantial part of the counter fraud agenda and is the most obvious sign of any activity that we undertake in respect of counter fraud.

We aim to pursue any fraud identified both internally (in terms of disciplinary action) and externally (through prosecution and recovery). All the action we take is determined by the Sanctions and Prosecutions Policy within the Anti-Fraud, Bribery and Corruption Framework



## Blue Badge Fraud

Blue badge fraud occurs where individuals misuse a blue badge (issued to someone with reduced mobility). This can include the use of badges by family or friends where the disabled person is not present or the use of badges where the individual the badge was issued to is now deceased.



Blue badge fraud reduces the Council's parking revenue and takes up valuable spaces for less mobile and / or elderly persons.

### Key Statistics

Results	Number / Value	2021/22 Comparison
Total number of parking tickets issued	16,554	15,510
Cautions issued	0	0
Written warnings issued	0	0
Unable to take further action	1	0
Prosecuted	1	3
Ongoing cases (awaiting court dates)	2	1

Prosecutions once again remain lower than pre-pandemic levels. This is due to two main factors: lower levels of contraventions than pre-pandemic levels due to decreased town centre activity and backlogs in the courts process leading to fewer prosecutions being undertaken.

# The National Fraud Initiative (NFI)



The Council actively participates in the NFI annually run by the Cabinet Office. It matches the data of public and some private sector bodies to identify data conflicts and anomalies that could be fraud or error for investigation. This is a significant piece of work for the council.

NFI matches are released annually although the data checks run follow a 2-year cycle. The 2022/23 NFI cycle completed at the end of September 2023 was the main full data matching cycle.

The 2022/23 cycle therefore looked at more areas than the previous year's cycle. The following areas were included:

- Housing Benefit information (supplied by the Department for Work and Pensions)
- Student loan information (supplied by the Department for Work and Pensions)
- Council Tax Reductions and Council Tax Single Persons Discounts
- Payroll information for the Council and its partners
- Pensions information (supplied by the Department for Work and Pensions)
- Housing tenants' information
- Right to Buy sales from the sale of council houses
- Housing waiting list information
- Blue Badge permit information
- Residential parking permit information
- Taxi driver licenses
- Creditor invoices paid and creditor / supplier information

Our results are shown on the in the following summary table.

Results	Key Statistics			
	Matches Processed	Number of Issues	Actual Savings	Notional Savings
Blue Badge related matches	955	25	-	£15,600
Council Tax related matches	458	65	£43,119	£22,863
Creditor related matches	3158	5	£64,894	-
Housing Benefits matches	135	0	-	-
Housing tenancy matches	564	0	-	-
Housing waiting list matches	467	14	-	£59,962
Payroll related matches	156	0	-	-
Residential parking permit matches	7	0	-	-
Right to Buy matches	10	0	-	-

Doncaster Council uses other processes and real time data matching information provided centrally to inform the majority of its Council Tax and Housing Benefit based checking and has alternative arrangements to detect duplicate creditor invoices. As a result, the NFI matching in this area, adds little benefit to us as most matches are uncovered and investigated much more quickly using alternative methods. The results of this other work are included in the relevant sections of this report with only additional savings from actions not identified by other methods included in this NFI section.

The savings that are quoted for the NFI exercise are split into two main categories, actual savings, and notional savings. Actual savings are as they appear, they are monies that can be recovered. Notional savings, however, are based on the estimated values of a potential fraud in this area and are a value put on the level of *prevented* fraud. The costings applied per case, are those created by the NFI itself.

Overall savings from the exercise remain comparable with the results from previous year's investigations, although refinements in the exercise itself have reduced the number of matches requiring investigation.

Data for the next round of the initiative is due to be submitted in November 2023 and results for investigation are currently expected from March 2024 onwards.



## Housing Benefit Overpayments

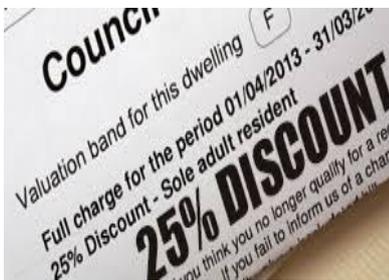
Housing benefit overpayments occur for a variety of reasons, for example through error or fraud by the claimant, error or fraud by the landlord or the agent, a change to entitlement that is not reported or delays in reporting changes to circumstances for the claimant. Occasionally errors are caused by the local authority in possessing. Most overpayments happen because there has been a change in the claimant's circumstances that was not communicated to the Council or was communicated late. Housing benefit fraud happens when these changes are deliberately not reported.

Regardless of the cause, the Council pursues all eligible housing benefit overpayments. (This is any amount which has been paid to which there was no entitlement). This is in line with best practice.

Activity in the period October 2022 to September 2023, looks similar to the activity for the previous reporting period with the exception that the use of Direct Earning Attachments has been decreased substantially. This is because these attachments were not brought back into mainstream use until September 2021 when the UK's furlough scheme was ended. 2021/22 was, therefore, unusual. The figures for the current year represent a return to normal operational use of this recovery instrument.

### Key Statistics

Results	Number / Value	2021/22 Comparisons
Cases referred to the Department for Work and Pensions	209	199
Direct Earning Attachments (to recover overpayments)	20	79
New Invoices Produced for Recovery	1,828	1,253
Cash recovered	£564,753	£521,494



## Single Persons Discount Reviews

The Council carries out a 12-month rolling review of single occupier discounts in a bid to ensure only those who are entitled receive a discount. This is done with a view to reviewing the discounts in place and identifying and correcting fraud or error within the Council Tax base.

The rolling review targets the borough by postcode issuing review letters to each of the claiming households. These letters prompt individuals to notify us of changes in circumstance that may otherwise have been missed. Where individuals do not respond to the review letter within the specified timescale, discounts are cancelled.

The number of households reviewed fell during the period (due to timing issues in data submission). Values recovered and cancellation numbers, however, rose. This was partially caused by a 4.49% raise in the rate of Council Tax during 2022/23 with the remainder of the increase in numbers and value being driven by a change in processes which increased the number of letters being sent out and increasing fraud risks caused by the ongoing cost of living squeezes.

Key Statistics		
Results	Number / Value	2021/22 Comparison
Households reviewed in the period	17,550	23,961
Cancelled single persons discounts	1061	851
Value of cancellations (estimated)	£311,544	£215,208



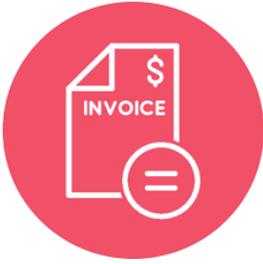
## Local Authority and DWP Joint Fraud Investigations

Since the implementation of SFIS (the Single Fraud Investigation Service) all Social Security benefit fraud has been investigated by the Department of Work and Pensions (DWP).

Council Tax Reduction Scheme fraud (CTRS) is not a social security benefit and is, therefore, not considered in any criminal investigation by SFIS. However, there is a high degree of correlation between those committing social security benefit fraud and those also committing council tax reduction scheme fraud. Joint working between councils and the DWP enables those committing both types of fraud to be dealt with under one combined investigation.

There were 3 joint investigations undertaken in 2022/23. Whilst 7 others have been started, they are yet to progress sufficiently to determine if a fraud has taken place or determine any subsequent values.

Key Statistics		
Results	Number	Value
Joint investigations completed in the period	3	£47,229
Joint investigations ongoing	7	Not determined



## Creditor Invoice Matching

The Council runs software daily against invoices paid (or due for payment) to prevent and detect any possible fraudulent (or more likely, duplicated) invoices. These results are worked through by the Council's or St Leger Homes' Accounts Payable teams and payments cancelled or recovered as appropriate.

The statistics included here (below) include preventions / recoveries from the Council and St Leger Homes. However, only transactions between the 1<sup>st</sup> April 2023 and the 30<sup>th</sup> September 2023 are included in the table below. This is because our recovery system was changed in March 2023 and comparison data was not downloaded at that time. The system provider has been unable to recover the lost totals since the system transition. This did not affect the investigation or recovery of transactions at that time, only the output recording information was lost. We are therefore unable to provide information for the 6 months prior to the system change.

### Key Statistics (April 2023 to September 2023 only)

Results	Number / Value (6 months)	2021/22 Comparisons (Full year)
Prevented Payments	27 - £68,854	76 - £127,708
Recovered Payments	8 - £49,432	6 - £2,450

## Teachers Pensions Matching

Teacher's pensions are paid by a specific outside body that deals with the Teacher's Pension Scheme, however, a small number of additional payments are also made to approximately 800 teachers by City of Doncaster Council. Historically, there have been issues with these payments when the Teacher's Pension

Scheme have been made aware of the death of one of their members and have failed to notify the Council of this change. This has resulted in both fraud and error in the past.



Regular data matching has been set up to check our pensions payments to deceased persons registers to detect and in future prevent overpayments as much as possible. Our figures use two statistics, actual overpayments, and notional savings. Actual overpayments are to be expected as it is the Council's arrangement to pay all employees including these pensions on the 15<sup>th</sup> of the month, therefore they are paid in advance for the period the 16<sup>th</sup> of the month to the end of the month. These overpayments are small because the regular matching of these data sets results in timely notification of death. Notional savings on the other hand are calculated where we as a Council have not been notified of the death and have detected it using our data match initiative. We calculate the cost of a further 12 months of payments that may have been incurred until we uncover a failure to notify us of the death of an individual. This is a conservative estimation as in some cases, without the data match and where the monies are paid into an account like a joint bank account that is not going to close, it is unlikely that the error would be spotted until the next National Fraud Initiative

cycle which can mean it would take up to 2 years to detect the issue. Notional savings are given to show the value of the work undertaken to PREVENT overpayments.

It should also be noted that no attempt has been made to qualify whether the failure to notify the Council of the death of one of our pensioners is fraud or error. All have been classed as error. This is because it is difficult to determine without, further time-consuming investigation, whether the failure to notify the Council and return the monies was accidental or deliberate. Given the fact that this work is done to prevent overpayments, this classification between fraud and error has not been done and all payments are show as errors.

Attempts to recover the overpayments are in progress and follow the standard payroll overpayment recovery process.

<b>Key Statistics</b>	
<b>Results</b>	<b>Number / Value</b>
Number of deaths detected where we were not notified	18
Overpayments detected after death	£6,290
Notional savings	£41,415

# Counter Fraud Activity – Pursue

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The Council aims to take action against any fraud or error that it detects during any of its activities.

The pursuit of individuals responsible for fraud is on three main levels.

- 1) Internal pursuit through the disciplinary policy;
- 2) Civil recovery of any losses; and
- 3) Criminal action where possible through the Police and Courts.



The case listed here give as much detail as possible about fraud and corruption encountered and investigated as is reasonable under the Data Protection Act. Where a case is ongoing, any information that could prejudice the case has been withheld.

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Internal Audit Services has worked on the following case in the 12 months to the end of September 2023.

## **Business Grant Claim Fraud**

In 2021, two business grants were given to one company totalling £22,499. These grants were paid in advance and project plans were in place to deliver an agreed outcome and agreed contributions to the projects from the company itself. As the project came to a close, evidence was requested of the project and associated spend. The evidence was analysed and was found to have been falsified to cover a shortfall in expenditure and company contributions to the project with evidence for some items of expenditure being duplicated across both grants. A fraud of £10,335 was detected. The company was questioned and admitted the fraud. Prosecution was considered but was not felt to be in the public interest and recovery of the grants (in full not just the fraudulent elements) is now underway.